

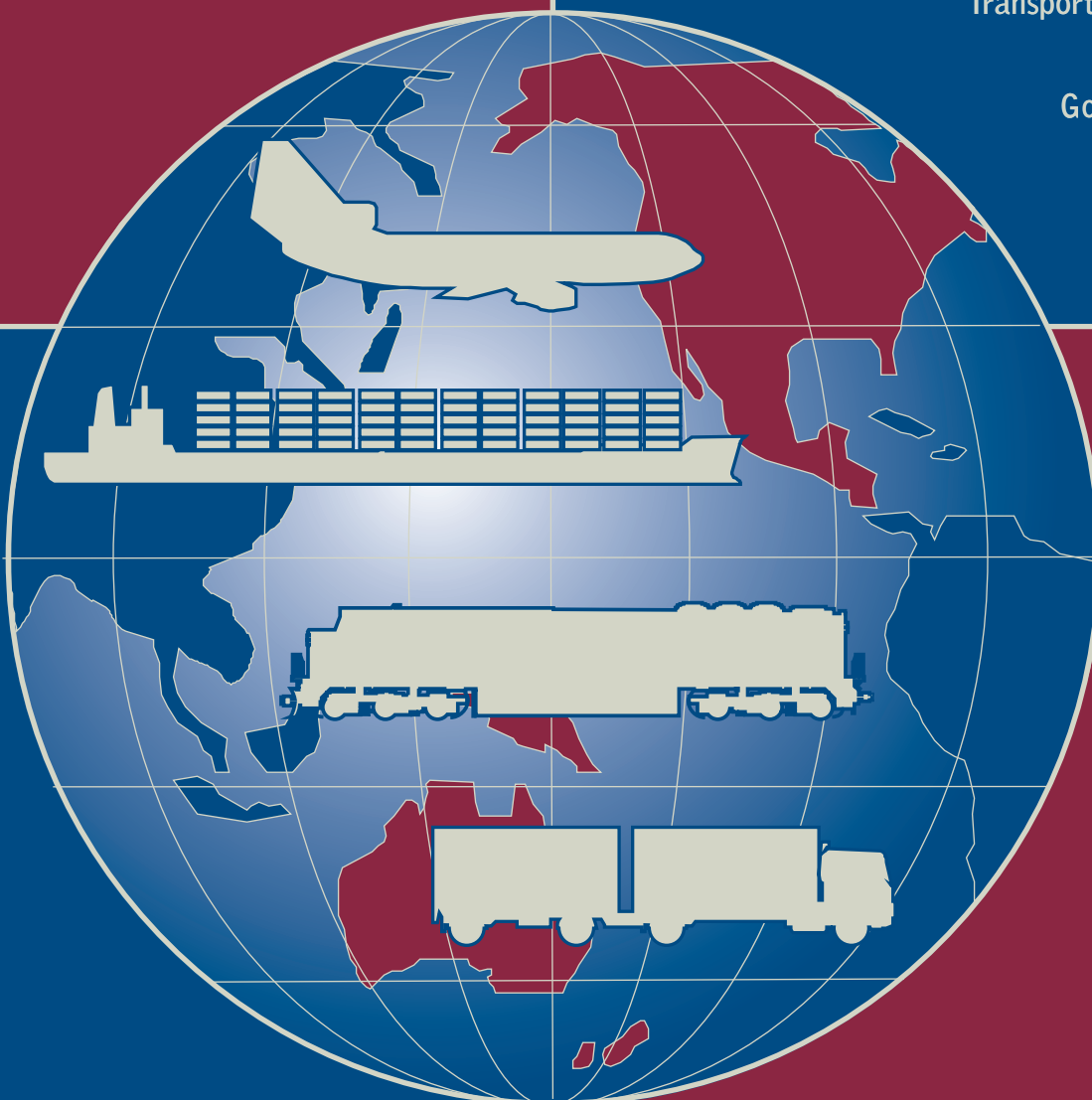
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State of California
Business, Transportation
& Housing Agency

California Department
of Transportation

Division of
Transportation Planning

Office of
Goods Movement



GLOBAL GATEWAYS DEVELOPMENT PROGRAM



As requested by Resolution Chapter 158, Statutes of 2000 (SCR 96, Karnette)

GLOBAL GATEWAYS DEVELOPMENT PROGRAM

Stakeholder Perspectives on Options to
Facilitate the Movement of Goods in California

JANUARY 2002

As Requested by
Resolution Chapter 158, Statutes of 2000
(SCR 96, Karnette)

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EXECUTIVE SUMMARY

The Global Gateways Development Program (GGDP) report is a reflection of stakeholder perspectives on the urgency and options to facilitate the movement of goods in California. The report suggests that goods movement is an economic and transportation priority that requires concerted action . . . now.

Goods movement and California's place in the global economy have become high priorities for decision-makers at both the State and national levels. Early in his administration, Governor Gray Davis launched an initiative to solidify the Golden State's position as the West Coast gateway for goods entering or leaving the United States from or to the Pacific Rim. Governor Davis spearheaded the development and implementation of the Traffic Congestion Relief Program (TCRP), a nearly \$8 billion investment effort to upgrade California's infrastructure to ease congestion and improve mobility. The TCRP represented the single largest investment in transportation infrastructure improvements in the State's history. Among the projects to receive funding under the TCRP were grade crossing improvements to the Alameda East Corridor, the gateway to the Ports of Los Angeles and Long Beach, and for freeway access to the Otay Mesa Border Crossing at the California/Mexico border. Over \$160 million in projects benefiting goods movement were also included in the interregional portion of the 2000 State Transportation Improvement Program (STIP).

Building upon the momentum of the Governor's transportation initiative, Senate Concurrent Resolution (SCR 96) by Senator Betty Karnette (D-Long Beach) was enacted. Under SCR 96, the California Department of Transportation (Department) and other cooperating agencies were requested to develop a proposal for a Global Gateways Development Program (GGDP). As developed with extensive input from goods movement industry representatives and other stakeholders, this report provides an outline of policy options and technical background for further discussion of actions to enhance the capacity and improve the efficiency of California's global goods movement system. It focuses on facilities with the highest freight volumes and greatest transportation challenges including: international airports, seaports, trade corridors (rail lines and highways), border crossings, major intermodal transfer facilities and goods movement distribution centers. As outlined, it is a basis for seeking additional federal, State, regional, local and private sector funding for goods movement improvements that would bring about the greatest transportation, economic, community, and environmental benefits.

The report is designed to generate discussion among policy makers, so that the State's most pressing transportation and community livability problems can be solved. Successfully addressing infrastructure capacity and associated environmental issues through cooperative efforts by the Administration, the Legislature, regional and local agencies, and private interests is crucial if California is to continue to function as a major global gateway, and continue to reap the economic, technological, and quality of life benefits as a major player in the global economy.

The Importance of Goods Movement: Improving goods movement is critical to the California economy, where more than 1 in 7 jobs are tied to trade and the value of international trade exceeds \$350 billion annually. Goods movement improvements reduce congestion and delays for California businesses, carriers, and shippers and provide more reliable access to international and

domestic markets. The results are lower transportation and inventory costs, and enhanced productivity, profits, growth, and competitiveness. Improvements to the goods movement system will also benefit California consumers by lowering insurance costs, reducing congestion, improving safety, and enhancing community livability and the environment through reduced air pollution, noise and energy consumption.

The benefits of goods movement improvements extend nationwide. California's global gateways, such as the Ports of Los Angeles, Long Beach, and Oakland, international airports at Los Angeles, San Francisco and Oakland, and its trade corridor highways, rail lines and border crossings, represent the largest trade transportation complex in the United States. The rest of the nation heavily relies upon this system, particularly for access to the Pacific Rim. For example, 60 percent of the imported goods shipped into the Chicago area pass through the Ports of Los Angeles and Long Beach. Millions of jobs nationwide depend on California's transportation network.

Goods Movement Challenge: The California goods movement challenge is both substantial and immediate. Congestion and delays are mounting. The development of the State's gateway facilities and freight transportation infrastructure has not kept pace with economic and trade growth. As a result, congestion, delays, accidents, and freight transportation costs have increased. This transportation deficiency, if not remedied, threatens to grow much worse as the shift to just-in-time production and inventory, the growth in research, manufacturing and retailing industries, and the expanded role of e-commerce increases goods movement demand. Port container traffic and air cargo volumes are expected to triple by 2020, while overall goods movement volume is projected to jump 56 percent, between 1996 and 2016. Failure to address the growing demand could have dire impacts on the State's ability to remain competitive economically and could drastically hamper California's ability to create new jobs and retain existing businesses.

Although there was agreement on many issues, the stakeholders did not reach consensus on every issue. Key stakeholders included shippers and receivers, carriers (truck, rail, air, and maritime), seaports and airports, academics, joint powers authorities, Metropolitan Planning Organizations (MPOs), Regional Transportation Planning Agencies (RTPAs), county transportation commissions and the Business, Transportation and Housing Agency, Department and California Transportation Commission. Bringing together public and private perspectives in a collaborative approach, this report provides important information for consideration by decision makers in building a coordinated California approach to the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21). Its reauthorization, beginning in 2003, will enable California to seek additional federal funding for its goods movement investment strategy and priority projects.

Priority Gateways and Improvement Needs: Among California's top priority global gateways are six ports (Long Beach, Los Angeles, Oakland, Hueneme, Sacramento and Stockton); five international airports (Los Angeles, San Francisco, Oakland, Ontario, and San Diego); and two border crossings (Otay Mesa and Calexico). Key international trade corridors identified includes eight interstate highways (5, 15, 40, 80, 405, 238, 805, 880), as well as substantial portions of seven others (8, 10, 105, 205, 380, 580, 710). Four U.S./State Routes (11, 60, 152, 905) and sections of eleven others (7, 50, 58, 78, 86, 94, 99, 101, 111, 120, 125), as well as the main lines of the Burlington Northern Santa Fe (BNSF) Railway and the Union Pacific (UP) Railroad are also identified. These support the key gateways in the origin and receipt of international trade,

including the Los Angeles, San Francisco, Central Valley, and California/Mexico International Border regions.

For the State's seaports, the most serious landside transportation problem is truck delays. Congestion, terminal wait and turnaround delays, limited warehouse pickup and delivery schedules, hours of operation restrictions, and inadequate parking cause severe and growing problems for the trucking industry. Valuable time is lost, and idling trucks generate pollution. Channel depths and harbor dredging are also significant problems for some ports.

For the international airports, truck access is a critical problem, especially at Los Angeles, Oakland, and Ontario airports. San Diego also has operating constraints, and runway and land-use limitations. Expansion of California's largest airports is hindered by urbanization, ground access limitations, air quality restrictions and local opposition. Sufficient air transport capacity needs must be addressed, which balances mobility needs, security concerns, and community impacts in providing an integrated system of airports in California.

Both the BNSF and UP railroads also face capacity, environmental and community-related problems. Capacity constraints are most acute in single-track passes and near the Ports of Long Beach and Los Angeles, where space for intermodal transfers and equipment storage is scarce. Railroad grade crossings pose challenges such as congestion, emergency access, safety, noise and air pollution.

At the Mexican border, goods movement traffic has increased dramatically since passage of the North American Free Trade Agreement (NAFTA). Mexico is the United States' second largest trading partner and California's first largest trading partner. Moreover, 98 percent of California's trade with Mexico is transported by truck. In 2000, more than two million trucks crossed the border. By 2020 cross-border truck and auto trips are projected to double, potentially resulting in even more delays unless action is taken.

On California's highways congestion is becoming a major challenge for commuters and truck drivers alike. Many stakeholders believe the I-710 corridor between the Ports of Long Beach and Los Angeles, and the intermodal yards near downtown Los Angeles, is the number one gateway corridor needing immediate attention. Another priority identified is the Port of Oakland/Bay Area I-580 gateway corridor to the Central Valley, which has experienced significant traffic growth. Upgrades to State Route 99, and maintenance and improvement of Interstate 5 through the Central Valley, are also key to California maintaining its place in the movement of domestic and international trade. This system must be maintained and expanded, and its operational efficiency must be improved, if congestion problems are to be mitigated.

Funding Strategies: Most stakeholders believe that funding to improve California's gateways and goods movement system will need to come from both innovative public-private partnerships programs, and modifications of existing State and federal programs. The State of California provides ongoing funding through the STIP, the State Highway Operation and Protection Program (SHOPP), and the California Aid to Airports Program (CAAP). The State also has a number of innovative financing programs including the TCRP, State Highway Account (SHA) Short-Term Loans, Grant Anticipation Revenue Vehicles (GARVEE), the Transportation Finance Bank (TFB), and the California Infrastructure and Economic Development Bank (CIEDB). However, these

programs need to be modified to be fruitful funding sources. For example, the 25 percent portion of the STIP for interregional system improvements is not sufficient to address statewide transportation needs, including essential goods movement improvement projects. Increases in regional funding participation in the funding of major goods movement projects must also occur to a much larger degree. There also has been little interest in SHA loans because the interest rate is non-competitive. Finally, with limited capitalization (only \$3 million), the TFB has effectively been unavailable to support goods movement or other transportation projects.

The federal government, through TEA-21, provides funding that can be used for goods movement projects. This includes the National Highway System (NHS) Program, Surface Transportation Program (STP), and the Congestion Mitigation and Air Quality (CMAQ) Program. However, in practice only very limited amounts of these funds have been used specifically for goods movement projects. TEA-21 contained two new credit programs, the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Rail Revitalization and Improvement Funding (RRIF) Program. It also provided two related discretionary grant programs called the National Corridor Planning and Development Program (NCPD) and the Coordinated Border Infrastructure (CBI) Program. However, Federal programs often feature restrictive eligibility requirements, rules, and other limitations. For example, funds from the Airport and Airway Trust Fund cannot be used for projects outside of the airport property, such as for airport access improvements for cargo transport. Passenger Facility Charges (PFCs) are similarly restricted. Matching fund requirements are also a hurdle.

Stakeholder Options for Goods Movement Improvements: The stakeholders, both through committee meeting discussions and survey responses, offered the following options for policy makers to consider to improve the flow of goods movement through California's gateways:

The State, RTPAs and other local agencies should take an aggressive role in planning, funding, developing, operating and maintaining critical public portions of the goods movement transportation system. In the proposed 2002 STIP, the Governor has nominated 23 projects totaling over \$225 million to improve goods movement in the State. RTPAs and other local agencies should also financially support needed freight projects with regional and local funds. Super-regional airport authorities, with the ability to plan for more efficient and balanced use of existing and new airport capacity, should be developed to bring about a more integrated system of airports in California. Finally, strategies and performance measures should be developed to ensure the full consideration of goods movement projects in the federal, state and regional transportation planning and programming.

The State should take the lead in securing federal cooperation in meeting California's goods movement needs. During the TEA-21 reauthorization process in 2003, the State should seek a stronger goods movement emphasis and greater funding flexibility in the use of traditional federal transportation funding programs. The State should lobby the federal government to allow the use of Airport and Airway Trust Fund monies and Passenger Facility Charges for ground-access projects beyond airport boundaries. Finally, to compete effectively for goods movement funding, a statewide coalition of Davis Administration, state legislative representatives, regional, local and private stakeholders should be created, modeled similar to the Washington State's Freight Mobility Strategic Investment Board (FMSIB). The coalition should work closely with California's congressional delegation, the National Freight Partnership, the U.S. Department of

Transportation and its FHWA Office of Freight Management and Operations in seeking the necessary policy, program, and funding changes to improve goods movement in California for both state and national mobility, economic and quality-of-life benefits.

The State should actively pursue improving the operating efficiency of the State's major gateways. California should actively pursue the implementation of Intelligent Transportation System (ITS) applications and should also work as a leader, negotiator, broker, and partner to bring about other efficiency improvements. This includes the promotion and facilitation of expanded seaport operating hours and shipper/receiver dock hours to balance the truck traffic flow on congested access routes.

The State should provide greater flexibility in the use of state funds. A portion of the State sales tax on jet fuel could be redirected to air cargo access projects. The Transportation Finance Bank could be capitalized with federal or other funds at a much higher level. Finally, goods movement projects on or off the state highway system could be made eligible to receive below market rate loans for projects that provide significant mobility, economic, community, and environmental benefits.

1.0 INVESTING IN CALIFORNIA'S FREIGHT TRANSPORTATION NETWORK

1.1 Legislature Recognizes the Importance of Freight Transportation

The Global Gateways Development Program is a reflection of stakeholder perspectives on the urgency and options to facilitate the movement of goods in California. The report suggests that goods movement is an economic and transportation priority that requires concerted joint action...now.

Goods movement and California's place in the global economy has become a high priority for decision-makers on both the State and national level. Early in his administration, Governor Gray Davis launched an initiative to solidify the Golden State's position as the West Coast gateway for goods entering or leaving the United States from or to Asia and other parts of the Pacific Rim. Governor Davis spearheaded the development and implementation of the Traffic Congestion Relief Program (TCRP), a nearly \$8 billion investment effort to upgrade California's infrastructure to ease congestion and improve mobility. The TCRP represents the single largest investment in transportation infrastructure improvements in the State's history.

In April 2000 Senator Betty Karnette (D-Long Beach) introduced Senate Concurrent Resolution 96 (SCR 96). This measure requested that the California Department of Transportation (Department), in cooperation with the Business, Transportation and Housing Agency, the Technology, Trade and Commerce Agency, the California Transportation Commission and others, develop a Global Gateways Development Program. The purpose of the GGDP is to *"improve major freight gateways in California to enhance overall mobility, including increased access at and through international ports of entry, international airports, seaports, other major intermodal transfer facilities and goods movement distribution centers, and trade corridors in California."* SCR 96 states that the GGDP shall *"identify high-priority airport and seaport access and intrastate transportation projects for purposes of potential state, federal, and other funding. The identified projects should serve to facilitate the movement of intrastate, interstate, and international trade beneficial to the state's economy."* (Karnette, Chapter 158, 2000 Statutes) The complete text of SCR 96 is included as Attachment One.

1.2 California's Trade Infrastructure Drives State and National Economic Success

California is an economic powerhouse. In the last five years, California's Gross State Product has grown 26 percent to \$1.3 trillion annually. If it were a separate nation, California would rank as the fifth largest economy in the world after only the United States, Japan, Germany and the United Kingdom. International trade and goods movement have been critical elements of California's, and the nation's, recent economic success. With more than \$350 billion in international commerce, California's economy depends on trade. More than one in seven California jobs are tied to trade. Almost 16 percent of the nation's 1998 exports were from California. California's global gateways, such as the ports of Los Angeles, Long Beach, and Oakland, international airports at Los Angeles, San Francisco and Oakland, and trade corridor railways and highways and land ports of entry represent the ***largest trade transportation complex in the United States***. The rest of the nation depends on this complex particularly for access to the Pacific Rim.

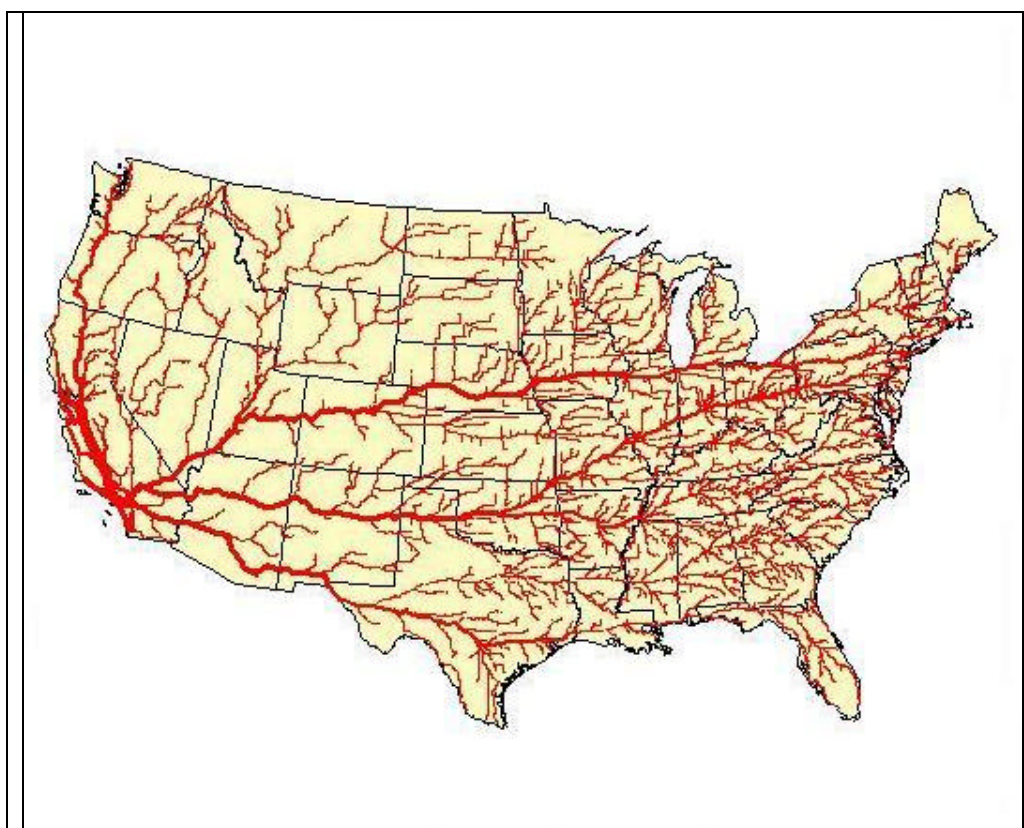
Table 1: Top Ranking Economies of the World
(2000 Gross Domestic Product - \$billions)

1.	United States	\$9,963
2.	Japan	4,614
3.	Germany	1,867
4.	United Kingdom	1,415
	CALIFORNIA	1,330
5.	France	1,281
6.	China (excluding Hong Kong)	1,104
7.	Italy	1,054
8.	Canada	701
9.	Brazil	606
10.	Mexico	578

Source: Los Angeles County Economic Development Corporation, 2001

For example, 60 percent of the imported goods consumed in the Chicago area are shipped through the ports of Los Angeles and Long Beach. California's global gateways are critical transport links to every state in the union. A map showing this graphically from an intermodal flow (double stack train volume) perspective is shown in Figure One.

Figure 1: National Intermodal Freight Flows to/from the Los Angeles Region



1.3 Infrastructure Investment Key to Solving Freight Transportation Challenge

The California goods movement challenge is both substantial and immediate. The development of the State's global gateway facilities and transportation infrastructure has not kept pace with California's economic and trade growth. Congestion and delays threaten goods movement. In the era of just-in-time delivery (i.e., delivery of items just prior to sale or use in production), shippers demand better performance from transportation providers. Trucks sitting in peak hour traffic, trains waiting at rail-to-rail crossings to let other trains go by, planes waiting in long queues before take-off hurt the shipper, the consumer and the public at large. Unless corrected, these inefficiencies will only get worse as demand for goods increases.

Large Container Ship Loading at the Port of Oakland



California's overall goods movement volume is projected to grow 56 percent between 1996 and 2016. Growth forecasts for California's ports are even greater. For example, the Ports of Los Angeles and Long Beach handled 9.5 million twenty-foot equivalent unit containers (TEUs) in 2000. Official forecasts indicate a tripling of this volume to 24 million TEUs by 2020. Unofficially, the ports believe the number of twenty-foot equivalent containers may reach 33 to 36 million by 2020.

Air cargo is seeing similar trends. From 1990 to 2000, the value of air cargo exports through the Los Angeles and San Francisco Customs

Districts alone increased over 170 percent to \$88 billion dollars. This was driven by California's top two exports on a dollar basis: Electronic equipment and industrial machinery (54 percent of all exports). From a tonnage basis, enplaned California air cargo is expected to increase by at least 150 percent, from 4.4 million tons in 2000, to 11.2 million tons by 2020. Transportation infrastructure must expand to accommodate the increasing role of international trade, e-commerce, the shift to just-in-time production and inventory techniques, and the growth in research, manufacturing and retailing industries.

U.S. Department of Transportation Secretary Norman Mineta recently said, "We understand the immediate link between continued investment in infrastructure and our nation's economic prosperity...Transportation is key to the productivity, and therefore the success, of virtually every business in America. Congestion and inefficiency in transportation are not just inconvenient and aggravating...but they are also a tax that burdens every business, every community and every individual. We have to find ways to lighten that load." (Norman Mineta, Golden State Roundtable Luncheon, Washington, D.C., June 27, 2001)

1.4 Increased Efficiency Improves Air Quality, Safety, and Community Livability

Improving goods movement is not only vital to California's and the nation's economic well being, it is also critical to maintaining environmental quality and community livability. For example, conflicts between modes, such as at-grade railroad crossings, not only result in inefficient transport, they also create serious air quality, noise, and safety problems. Conflicts between automobiles and trucks competing for the same space on freeways also create similar concerns.

The concept of intermodalism usually refers to facilitating transfers between modes. But it also refers to eliminating conflicts between modes. Ideally, goods movement projects should address safety and environmental problems such as air and noise pollution and benefit communities, as well as provide for increased throughput capacity and reduced transport delay. In this way, projects can truly provide "win-win" solutions for all concerned.

The GGDP is designed to generate discussion among policy makers, the transportation industry and the public so that the most pressing transportation and community livability problems can be solved. Successfully addressing infrastructure capacity and associated environmental issues is crucial if California is to continue to function as a major Global Gateway, and continue to reap the economic, technological, and social benefits as a major player in the global economy.

1.5 Preparing a California Coalition for TEA-21 Reauthorization

California Business, Transportation and Housing Agency Secretary Maria Contreras-Sweet has stated that improving safety, reducing congestion and enhancing goods movement are the State's highest transportation priorities. In this light, she called SCR 96 "an unprecedented opportunity to systematically identify California's goods movement infrastructure needs and to position California to compete effectively for TEA-21 reauthorization funds in 2003."

Truck Access Congestion Entering Intermodal Yard



State Department of Transportation Director Jeff Morales has stated, "Governor Gray Davis has been clear about his priorities in transportation. Along with congestion relief and connecting highways to the mass transportation system, he wants the Department to improve the movement of goods. Freight is the lifeblood of California's economy, and we cannot afford to lose it to other states and regions of the country. As a result, the Department is pleased to play a part in this report that is so vital to California's economic health."

In 2003, the federal surface transportation law will expire. Responding to this legislative deadline, both the Congress and Administration should begin the reauthorization process as early as next year. The Transportation Equity Act for the 21st Century (TEA-21), enacted on June 6, 1998 (Public Law 105-178), recognized the importance of goods movement to the national economy and U.S. global economic competitiveness. Further, this landmark legislation identified key intermodal corridors of national significance. With the reauthorization of TEA-21 on our legislative doorstep, California decision-makers should be prepared to effectively advocate for expanded federal funding for global gateway infrastructure improvements. This report will serve as a policy framework in preparing decision-makers at all levels for the challenge facing California in providing quality goods movement service that is so critical to the entire nation.

This report represents a “call to action” to develop solutions to the transportation and quality of life challenges facing our state. Creation of cohesive partnerships and strong coalitions will help assure that California successfully implements its goods movement improvement initiatives. There are several successful coalitions around the country; e.g., the I-95 Corridor Coalition representing all 12 states from Virginia to Maine, and the I-69 Mid-Continent Highway Coalition, a seven-state consortium from Michigan to Texas. These are well-organized groups that have been in existence for almost a decade. Another successful effort is the Freight Mobility Strategic Investment Board (FMSIB) in the State of Washington. Created by the Washington State Legislature in 1998, the FMSIB reviews and prioritizes freight projects that are strategically important to the State of Washington. The FMSIB is a model organization that has grown out of a successful coalition. These coalitions, and others like them throughout the United States, are committed to increasing their share of scarce transportation funds. Increasingly, coalitions will be competing with other coalitions, as opposed to individual areas or projects competing against each other. California must form strong coalitions to represent its interests or risk being left behind.

There are also coalitions and resources on a national level. Based in Washington, D.C. the National Freight Partnership (NFP) includes major shippers, carriers, and agencies from throughout the United States that are dedicated to promoting trade corridors and freight projects. FHWA created the NFP to serve as an advisor to FHWA’s National Freight Initiative. The initiative will be the freight component of the U.S. Department of Transportation’s TEA-21 reauthorization legislation.

FHWA is also a major resource for information and analysis of trends and developments in freight transportation. Its Office of Freight Management and Operations (OFMO) has done extensive analysis of intermodal flows and is in the process of conducting outreach forums throughout the country. A valuable resource for coalitions, the OFMO encourages the development of multi-state relationships and projects aimed at expediting freight flow in the United States. The OFMO will be developing legislative strategies for freight transportation, and their efforts will be extremely important in the TEA-21 reauthorization process. Other organizations active in this area are the Federal Motor Carrier Safety Administration, from a truck safety aspect, and ITS America, which through its Commercial Vehicle Operations Subcommittee and its Intermodal Freight Technology Working Group, is actively working to bring about the further implementation of ITS applications in the movement of goods.

2.0 IMPROVING CALIFORNIA'S GLOBAL GATEWAYS: MOTIVATION AND METHODS

2.1 California's Global Gateways are the Backbone of the US Economy

As is often said, "The three most important things in real estate are location, location, and location." This is certainly true for California, which is strategically positioned to capitalize on Pacific Rim trade. Blessed with naturally deep harbors, a vast network of transportation facilities, and well-established centers of commerce, California is the premier trading post in the United States.

California's ports, airports, highways, railways, intermodal distribution centers and trade corridors provide vital links to trading partners throughout the United States and the world. Often taken for granted, these facilities and the ships, planes, trucks, and trains that serve them, bring food to our tables, computers to our homes and offices, and goods and machinery to our factories and warehouses.

We must protect and maintain this system. We must provide the means and the will for the system to grow to accommodate the expected surge in international trade through our seaports, airports and other global gateways. The entire nation depends on the efficient movement of cargo through the State of California. For example, California's three major container ports (Long Beach, Los Angeles, and Oakland) handle more than 40 percent of the nation's total container volume. The impact of trade through the Ports of Long Beach and Los Angeles on other regions of the United States is shown below. On a national basis, these ports generate \$97.3 billion in trade, 2,121,500 jobs, and \$4.51 billion in state and local taxes.

Table 2: National Economic Impact of Long Beach/Los Angeles Ports

<u>Region</u>	<u>Value of Trade</u>	<u>Trade-Related Jobs</u>	<u>State/Local Taxes</u>
Atlantic Seaboard	\$14.9 billion	462,000	\$680 million
Great Lakes	\$16.6 billion	398,000	\$760 million
Great Plains	\$1.5 billion	38,000	\$70 million
Southeast	\$5.0 billion	107,000	\$230 million
South Central	\$5.1 billion	105,000	\$240 million
Southwest	\$53.6 billion	989,000	\$2.5 billion
Northwest	\$600 million	22,500	\$30 million
TOTAL	\$97.3 billion	2,121,500	\$4.5 billion

Source: Alameda Corridor Transportation Authority, 1994

As shown in the above table, the economic influence of both ports in Southern California to the rest of the U.S. is considerable. From 1994 to 2000, container (Twenty foot Equivalent Unit-TEU) volumes through both ports have increased 48 percent and the value of trade, trade related jobs and tax revenues have also increased accordingly.

As California's Global Gateways become more seriously congested, businesses throughout the country will suffer. Jobs related to international trade could also shift to other states. In an economy more and more based on just-in-time delivery, delay in transit of goods can be a critical problem. Nationwide, jobs depend on a reliable transportation system, and California, the largest trading complex in the United States, must continue to rise to the challenge. This will first require a *consensus* on a plan of action, and second, the formation of strategic *coalitions*.

2.2 Surveying the Goods Movement Community: Stakeholder Priorities

Early in the SCR 96 process, the Business, Transportation and Housing Agency, State Department of Transportation, the Legislature, and other stakeholders recognized that the first step in the consensus-building process was to seek advice and counsel from the many goods movement constituencies in the State. Agreed, each stakeholder is a potential competitor for the limited transportation funding resources, but collaboration and consensus will be essential when California presents its case for goods movement funding to the U.S. Congress and the U.S. Department of Transportation.

In developing this report, the State Department of Transportation conducted several surveys and forums to seek advice from various stakeholders in the goods movement community. Key constituencies included shippers and receivers, carriers (truck, rail, air, and maritime), seaports, airports, implementing agencies such as joint powers authorities, prominent academic experts from California universities, Metropolitan Planning Organizations (MPOs), Regional Transportation Planning Agencies (RTPAs), and County Transportation Commissions. Specific survey questions are listed in Attachment Two.

When asked "What should we avoid doing?" the overwhelming response was "Avoid doing nothing." Inaction results from complacency, ignorance, or all too often failure to achieve consensus. Inability to reach consensus defeats coalition-building efforts. However, attempting to do too much, or to do everything for all people can often have the same result. The goal of the GGDP is to strike a *balance* so that *real progress* in key areas can be made.

The following summarizes the responses received from the stakeholder surveys and forums. A complete list of proposed improvement actions is included in Chapter 3.

Priorities

Respondents agreed that the most important improvement projects should serve *nationally significant trade hubs and corridors* and focus on the *highest volume freight routes*. Many listed seaport/airport congestion and seaport/airport access high priorities, and the need to improve the freight railroad system and to expand highway capacity. Many recommended that the system be viewed as an interrelated network as opposed to a set of isolated transport components.

Improvement Actions

Most of the respondents felt that to preserve California's economic future and the ability to compete in domestic and international markets, we should:

- Increase highway capacity and make operational improvements to accommodate an expected surge in cargo, particularly with respect to seaport and airport access and heavily used interstate routes.
- Build dedicated truck lanes, truck bypass routes and climbing lanes on key goods movement corridors.
- Extend hours of operation at ports and at related warehousing/distribution centers.
- Improve freight rail systems (mainline capacity, intermodal yards, shuttle trains).
- Grade-separate rail lines from highways to minimize environmental and community impact.
- Implement Intelligent Transportation Systems (ITS), such as weigh-in-motion scales, internet-based appointment systems, changeable message signs, electronic manifests and cargo interchange, and other forms of advanced traveler and information management systems.

New Strategies

Respondents frequently said that the State needs to systematically assess future demands for road, rail, port and air goods movement. A prevailing theme was the need for improved communications and new institutional arrangements among labor, carriers, shippers, and seaport/airport management. This could be facilitated through a body similar to the Department's Statewide Intermodal Goods Movement Advisory Committee, which was active from 1992-1997. New technologies, including ITS, were viewed as having tremendous potential.

Goods Movement Trends

Containerization, just-in-time delivery, package express, and e-commerce systems are having a profound effect on transportation and logistics. Respondents frequently mentioned the need for additional intermodal rail yards and increased mainline capacity. Many mentioned the increase in overnight mail and packages and the growing trend toward smaller, more frequent orders. There is also increasing demand for quicker delivery times, most often within 24 hours. As a result, many respondents noted that traffic congestion from trucks entering and leaving the ports and queuing of long lines of trucks waiting to enter the gates have become serious problems. Several commented that trucks and trains were essentially *warehouses on wheels*. With the increase in trucking activity, there is also a growing concern about highway safety.

In response to the question on how the State should take these trends into account, many respondents felt strongly that the State should conduct an objective, broad assessment of the future demands for all modes in the logistics chain, and develop priorities for funding and construction.

Funding

Many stakeholders recommended that ***separate goods movement funding programs*** be established at both the federal and state levels. While there are concerns that such separate funding could impact funds otherwise available for passenger vehicle/commuter travel, there is a growing realization that goods movement projects, such as the Alameda Corridor, Alameda Corridor-East, and the OnTrac railroad lowering project in Orange County can play a major role in reducing accidents, traffic congestion, air and noise pollution and community impacts.

2.3 State Goals, Policy, and Role in Improving Our Global Gateways

Fundamentally, California faces certain transportation challenges, including the movement of goods. Beyond goods movement we need to reduce congestion and community impacts, improve safety, enhance the environment, and provide increased mobility options for all travelers. Its transportation system is the lifeline that supports the functioning of the California economy and quality of life. Taking these aspects together, the following State **goods movement vision** is proposed:

California fosters the development of a balanced, integrated, seamless, multimodal goods movement transportation system that is safe, efficient, reliable and effective. It recognizes that this statewide system of highways, rail lines, airports, seaports, and border crossings is essential to a healthy economy and quality of life.

This vision is in line with the pursuit of the following **overall transportation vision**:

California's transportation system is a balanced, seamless, integrated, multimodal transportation network that is safe, efficient and effective. It facilitates economic development and quality of life by providing mobility and access for people, goods, services and information in an environmentally sensitive and sustainable fashion.

To bring about the implementation of this vision, the State must take an active role in planning, funding, developing, operating, and maintaining the critical public portions of the goods movement transportation system. Elements of this **role and policy** should include the following:

- The State, in partnership with other governmental entities, community organizations, shippers and carriers, and other interested parties should give goods movement needs and impacts full consideration in the development of a multimodal transportation system.
- The State should have the flexibility to fund or seek solutions to transportation problems that have significant public benefits, regardless of facility type, mode or ownership.
- Statewide system investments should be focused on those corridors and gateways that handle the highest volumes of freight traffic and/or have the most significant transportation problems.
- The State should seek opportunities with its funds to leverage and complement other public and private investments in goods movement facilities to the maximum extent possible.
- The State should research, develop, demonstrate, and deploy cost-effective technologies and operational strategies to expedite goods movement, improve safety, and reduce congestion.
- The State should gather, develop, and refine the necessary data, tools and techniques needed for assessing goods movement system performance and for evaluating project alternatives.

Through these actions, the State should seek to achieve the following **desired performance outcomes**:

- Transportation: Reduced congestion and delay, improved mobility and access, increased transport reliability and consistency, enhanced public safety, and reduced transport costs.
- Economic: Commerce development, industry retention and increased livable wage jobs, reduced transport and consumer product costs, and increased public/private partnerships.

- Community Livability and Enhanced Environment: Reduced goods movement related congestion, air pollution, noise and energy consumption, and increased community involvement and support.

The remainder of this report will focus on specific global gateways, their challenges and opportunities, improvement options and funding strategies.

3.0 SAVING CALIFORNIA'S GLOBAL GATEWAYS: CHALLENGES AND SOLUTIONS

3.1 Identifying California's Priority Global Gateways

This report focuses on the highest volume freight facilities and regions in the State. Included are major international trade regions, seaports, airports, highways, rail lines and border crossings that have national and international significance in the movement of goods. These are listed in Table 3, and are displayed in Figure 2. Included below are brief descriptions of these regions, facilities, and international trade routes.

The four major international trade *regions* in California are the Los Angeles/Long Beach/San Pedro Bay Region, the San Francisco Bay Region, the Central Valley Region, and the California/Mexico Border Region.

The Los Angeles/Long Beach/San Pedro Bay region is perhaps the nation's largest international trade attractor, exporter and consumer, rivaled only by the New York City/tristate area. 37 percent of all U.S. international trade moves through this region's seaports and airports. With almost 17 million people and over eight million jobs, this Southern California region is known for being an economic powerhouse, the nation's media entertainment developer, and the nation's major gateway to the Pacific Rim.

The San Francisco Bay region is the major economic engine of Northern California. A nine-county region with a population of over 6.5 million people, it ranks fifth in the United States (20th in the world) for Gross Regional Product, exceeding \$200 billion annually. This region is a major technology center and the gateway for international trade, including computers and electronics, agricultural exports, retail and wholesale trade, and auto manufacturing. It also serves as a major highway and rail gateway to the western and central states.

The California/Mexico border region stretches from San Diego/Tijuana on the west, to Calexico/Mexicali and beyond on the east. Four and a half million U.S. and Mexican residents inhabit this region. Numerous "maquiladora" factories employ over a quarter million people. Their products contribute significantly to the \$34 billion in California-Mexico trade. Mexico is California's largest trading partner and the nation's second largest trading partner (after Canada), in addition to being the fastest growing major U.S. export market.

California's Central Valley encompasses 18 counties with a population of over five million people and over 42,000 square miles. It is over one-sixth of the population and more than two-fifths of the land area of the State. The Central Valley produces over 350 different crops and commodities,

including 11 grown exclusively in California. This area is not only the most productive in California; it is widely considered the most productive agricultural area in the world. Based on state figures, exports constitute about 20 percent of its agricultural output, with overall California agricultural exports in 1997 estimated at \$6.7 billion annually.

3.2 Capacity Constraints and Community Concerns for California's Global Gateways

The Global Gateways listed in Table 3 are facing a number of serious threats related to traffic congestion and delay, as well as public safety and environmental impacts. Unless these threats are addressed, California and the rest of the nation could experience serious economic consequences.

Seaports

The San Pedro Bay Ports (Los Angeles and Long Beach) rely heavily on the Long Beach Freeway (I-710) for truck access. Half of all trucks serving the San Pedro Bay Ports use I-710 which contributes to the 710 corridor having the highest truck accident rate in the State and second highest in truck volumes. These two ports combined generate about 34,000 truck trips per day. This number of daily truck trips could exceed 50,000 by 2010 and reach almost 92,000 by 2020. This amount of growth combined with non-port growth in Southern California will result in severe congestion unless solutions are found. The railroads and ports also face shortages in intermodal rail yard capacity, which if not corrected could seriously jeopardize the efficient movement of international cargo through the Los Angeles/Long Beach area. Without an efficient landside transportation system, California could lose much of this international trade to other competing ports in Seattle or Tacoma, Washington, Vancouver, British Columbia, or Mexican Pacific ports in the future.

The Port of Oakland has similar concerns with respect to truck traffic congestion and air pollution in and around the port area. The I-880 corridor between San Jose and Oakland creates serious problems for the trucking industry trying to access the Port of Oakland and the Oakland International Airport. In Northern California, this corridor has the highest number of truck accidents as well as being the heaviest truck traveled highway in the region. The Port of Oakland has voiced concerns about the capacity of I-880, I-580 and other local access roads, the limited amount of truck parking, and the reaction of the local community to growth of the port. Bay Area ports also are concerned about channel dredging which is a priority because of the relative shallowness of Bay Area waters. Disposing of the dredge material has been a controversial environmental issue for many years. Debates over competing land use continue to impact port operations and potential port expansion.

Port area and regional congestion, limited warehouse pickup and delivery times, geometric constraints, and inadequate parking cause multiple problems for trucks trying to pick up and deliver at California's seaports. This results not only in truck delays and down time as drivers wait to pick up and deliver, but also additional air and noise pollution from truck idling. Many California local jurisdictions are passing ordinances banning truck parking in and around ports.

Table 3: Priority Global Gateways in California**Major International Trade Regions**

Los Angeles/Long Beach/San Pedro Bay Region
 San Francisco Bay Region
 Central Valley Region
 California/Mexico International Border Region

<u>Seaports</u>	<u>Airports</u>	<u>Border Crossings</u>
Port of Long Beach	Los Angeles International	Otay Mesa
Port of Los Angeles	Oakland International	Calexico
Port of Oakland	San Francisco International	
Port of Hueneme	Ontario International	
Port of Sacramento	San Diego International	
Port of Stockton		

Railroads

Burlington Northern Santa Fe (high volume intercity corridors)
 Union Pacific (high volume intercity corridors)

Highways and Roadways

<u>Interstate Routes</u>	<u>Route Limits (or entire route)</u>	<u>U.S. / State Routes</u>	<u>Route Limits (or entire route)</u>
5		7	Mexico border to I-8
8	I-5 to Arizona state line	11	Mexico border to SR 905
10	Alameda St. to Arizona state line	50	I-80 to SR 99
15		58	I-5 to I-15
40		60	
80		78	SR 111 to SR 86
105	LAX to I-710	86	SR 78 to I-10
205	I-580 to I-5	94	I-5 to SR 125
238	I-880 to I-580	99	I-5 south of Bakersfield to US 50
380	101 to San Francisco Airport	101	I-80 to I-380, I-880 to SR 152, and SR 1 (Oxnard) to I-5
405			Mexico border to SR 78
580	I-238 to I-205	111	
710	SR 47 to I-10	120	I-5 to SR 99
805		125	I-8 to I-905
880		152	
		905	

Figure 2

PRIORITY GLOBAL GATEWAYS IN CALIFORNIA

(MAP TO BE INSERTED)

The Ports of Hueneme, Sacramento and Stockton also have significant access issues, and the Port of Sacramento has dredging issues that must also be addressed. As relievers to the Ports of Los Angeles, Long Beach and Oakland, and as they accept various niche cargos that can no longer be economically handled by the State's three largest ports, their port access issues must also be addressed as part of any gateway development program.

Airports

Despite the reduction in air travel following the events of September 11, passenger and air cargo demand is expected to double or even triple over the next 20 years. California's ability to capitalize on this growing demand for air travel in international business services and goods movement is being constrained by inadequate airport capacity and crippling ground access congestion at our major commercial airports. These capacity problems are most acute in the greater Los Angeles, San Francisco Bay, and San Diego regions, and include airspace, runway and terminal operating constraints, and significant land-use limitations. Major airports, which have focused mainly on passenger traffic in the past, are having particular difficulty accommodating the increased demands for air cargo. Truck access, for example, is a critical problem at Los Angeles, Oakland, and Ontario Airports. In general, multimodal airport ground access improvements need to be pursued.

Airport access is critical to California remaining a major player in moving air cargo. According to the U.S. Customs, \$173 billion worth of air cargo moved through California's airports in 2000. Many of these shipments are related to the high-tech industry such as computers, electronic equipment and perishables that demand just-in-time delivery and distribution. Ground access and airport improvements are needed at all of these airports now.

International airports produce tremendous economic benefits that are distributed throughout entire metropolitan areas and the State at large. However, there are also significant negative impacts, which are clustered in the neighborhoods immediately around the airports. Economically essential airport investments at the regional and state level need to be actively supported, along with cooperation with local governments to mitigate impacts of the projects. One option that could be pursued would be to redistribute air operations to outlying airports, for both passenger and air cargo, which would require improving ground access at these outlying facilities. In coordination with the Federal Aviation Administration (FAA), the Federal Transit Administration, FHWA and other regional and local entities, a larger state role may need to be taken in support of needed airport investments in a way that mitigates local airport impacts, leads to development of complimentary and compatible land use near airports, improves safety, and leads to an integrated system of airports in California.

Railroads

Railroads are also facing capacity, environmental and other community-related problems. Two major Class I railroads, the Union Pacific (UP) and the Burlington Northern Santa Fe (BNSF) and 28 shortline railroads serve California. The Class I railroads' two largest challenges are moving freight between San Bernardino and Barstow over the Cajon Pass and between the Central Valley and the Los Angeles area over the Tehachapi Pass. For Cajon Pass, the main problem is capacity. Currently, the rail corridor is double tracked but, with current freight volumes, is not adequate to

efficiently move goods from the Los Angeles Area to the rest of the nation. The railroads propose that a third main track be constructed to accommodate the growing demands of this vital rail link. In the Tehachapi Pass region, the problem is terrain. The current single-track rail line needs an additional track in order to accommodate the increased rail movements from Northern and Central California. Likewise, the railroads contend that tunnels and bridges will be required to accommodate the second track. Another significant rail capacity problem is the lack of sufficient space for intermodal transfers and storage of intermodal equipment near the Ports of Long Beach and Los Angeles. With the expected tripling of containerized cargo by 2020, space will be at a premium.

California is also facing critical congestion, emergency access, safety, noise and air pollution problems at railroad grade crossings. As railroad traffic increases, the need for grade separations and other safety improvements rises dramatically. Soon, the \$2.4 billion Alameda Corridor project will eliminate conflicts at 200 at-grade crossings in Los Angeles County. For the most part, however, the same trains that use the Alameda Corridor continue east through the San Gabriel Valley, San Bernardino County, Orange County, and Riverside County. These communities have become increasingly concerned about railroad impacts and have demanded real solutions. Similar issues have arisen both in the Bay Area and in the Central Valley. At-grade rail-to-rail crossings, such as at Colton Crossing, are also causing serious delays to both passenger and freight trains. The shortline railroads, with 1,750 miles (28 percent) of the State's rail mileage, are also facing significant problems. Many California shortline railroads serve industries along the I-5, I-10, I-40 and I-80 corridors and near the Ports of Los Angeles, Long Beach, Oakland, Hueneme, Stockton and Sacramento. These railroads handle over 750,000 annual carloads of international freight. A major concern expressed by the railroads is their inability to handle the new industry standard 286,000-pound rail cars on existing lightweight and dated track and bridge infrastructure.

Border Crossings

The North American Free Trade Agreement (NAFTA) was ratified in 1993, beginning a process to eliminate constraints on international trade among Canada, Mexico and the United States. NAFTA has more than lived up to the expectation that it would be a major force for economic growth in the U.S. and in California. By 2000, the annual value of trade between Mexico and the U.S. had grown to \$262 billion, making Mexico the second largest trading partner of the U.S. California's exports to Mexico have grown 192 percent in the seven years since NAFTA was ratified, reaching \$19 billion in 2000, a record for California exports to any country. Mexico is California's largest trading partner. However, ninety-eight percent of this trade between California and Mexico is shipped by truck, generating more than two million truck crossings of the California/Mexico border in 2000.

When NAFTA was ratified, California identified approximately \$1.5 billion of transportation improvements needed to adequately serve the expected increase in commercial vehicle traffic crossing the California/Mexico border. The approval of NAFTA was not accompanied by new federal funding for improving border transportation facilities needed to ensure the safe and efficient flow of increased international trade, even though the trade crossing the California/Mexico border is destined for all regions of the country. As a result, transportation improvements associated with NAFTA have been programmed through California's STIP, replacing other

projects that would have been funded had special NAFTA funding been provided by the federal government. By 2001, over \$900 million had been programmed for NAFTA related transportation improvements in the STIP. In 1998, federal funding totaling \$70 million was authorized for NAFTA related “High Priority” projects in TEA-21. California has also received \$19 million over the last three years for State Route 905 in San Diego County, through the National Corridor Planning and Development, and the Coordinated Border Infrastructure programs in TEA-21.

California’s border with Mexico is still experiencing severe congestion from NAFTA related goods movement, and the phenomenal growth in trade is expected to continue with automobile and truck traffic doubling in the next 20 years. Given the exponential growth in trade, it is imperative that state and local transportation facilities on both sides of the border undergo major improvements to adequately and efficiently handle truck safety and other inspections.

Highways and Roadways

Traffic congestion on California’s highways is becoming a major challenge to commuters and freight transportation providers. In Southern California, the I-710 corridor connects the Ports of Long Beach and Los Angeles with the intermodal yards near downtown Los Angeles. With its high level of both passenger and truck traffic and high accident rates, most stakeholders believe it is the number one gateway corridor in need of immediate attention.

The State Route 60 Corridor, which connects I-710 with I-15, is the heaviest traveled truck route in the State. Congestion on this important east/west route is causing major problems with moving freight and people through this vital transportation corridor. Congestion related delays significantly impact trucking companies and their ability to provide reliable and timely service between Los Angeles, the Inland Empire, and connecting with goods movement interests around the world. In Northern California, the I-580 Corridor into the San Francisco Gateway/Port of Oakland is the most critically impacted corridor. I-580 has recently seen a tremendous increase in traffic. This is in part because of commuters using I-580 to commute from economical housing in the Central Valley, to jobs in the Bay Area. Over 38,000 commuters per day use I-580 to cross the Altamont Pass. But this increase in volume is also from the expansion of industry and warehousing, and the general economic growth underway in the Central Valley. There is also the need to complete the State’s major international trade corridor routes to a minimum high level standard. This is especially apparent in the Central Valley, with the need to complete State Route 99 between Bakersfield and Sacramento up to current freeway standards.

State highway congestion, is not the sole issue, however. The Surface Transportation Assistance Act (STAA) highway system, which is designed and built for the heavier and larger trucks, has not kept pace with the needs of the trucking industry. The primary concern here is access to Northern California rural areas (such as the North Coast via State Route 299), older design interchanges, and local roadways that provide access to major intermodal centers. Many of these local roadways serve as designated National Highway System (NHS) connectors. But despite the recognition of their vital role, many have not been upgraded. Many NHS connectors that link the interstate highways with major seaports, airports and border crossing facilities have not undergone improvements commensurate with the vast increase in international trade. These facilities are often the “weak link” in the State’s freight transportation system. In a sense, they are the “last mile” in the delivery of goods, but often experience the most serious delays in the transport of

goods between origins and destinations. Other access, safety, maintenance and rehabilitation, operational characteristics, geometrics, and truck parking deficiencies must also be addressed on the highway system.

3.3 Targeted Goods Movement Solutions for California's Gateways

Table 4 lists the goods movement deficiencies and improvement concepts as identified by various stakeholders to improve mobility and access to the State's major gateways, and along various trade corridors. Some projects may be appropriate for either private, public or public/private partnerships funding. The list is not a prioritized listing, nor is it all inclusive.

Seaports

A priority for major California seaports is improving port access for both truck and rail. In the Los Angeles/Long Beach area, improvements to I-710 and other major port access roads are essential. The Gerald Desmond Bridge, which serves the Ports of Long Beach and Los Angeles, should be considered for replacement with a wider bridge with more traffic lanes because of existing height and capacity deficiencies. The Gerald Desmond Bridge connects the Long Beach Freeway (I-710) with Terminal Island, the Terminal Island Freeway (SR 47/103), and the Harbor Freeway (I-110).

Los Angeles and Long Beach ports are working with shippers and receivers to coordinate a 24-hour operation for delivery of goods. Round-the-clock operation coupled with expanded hours at distribution centers would keep trucks from competing with rush hour commuter traffic on the already overtaxed freeways leading in and out of the ports. California's seaports (and airports) are counting on Intelligent Transportation Systems (ITS) to improve transportation efficiency, lessen gridlock, decrease vehicular idling time and reduce air emissions.

Rail yard expansion is essential in order to accommodate the surge in intermodal cargo. Plans are being developed for improvements to the Alameda Corridor Terminus/Pier B Street yard in the Port of Long Beach, new on-dock intermodal transfer facilities in both ports, and the extension of centralized train control from the Alameda Corridor into the port area.

The Port of Oakland has proposed a shuttle train to Stockton to reduce truck traffic on I-580 and I-80 to the Central Valley. The concept of an "inland port" and/or a shuttle train has also been discussed in the Los Angeles area. It is currently cheaper, however, to haul containers by truck than by rail from the ports to the Inland Empire (e.g., San Bernardino, which is 80 miles from the ports of Los Angeles and Long Beach). If a shuttle train could effectively compete, however, truck traffic on our freeways could be substantially reduced.

The Port of Oakland Joint Intermodal Terminal (JIT) project is a critical link in the movement of goods by rail through this international gateway, which will allow 24-hour intermodal transfer of containers by both the UP and BNSF railroads. \$6.75 million in state funds were included in the 2000 STIP for this project.

The Bay Area is also interested in providing dedicated ferries to move light cargo on the San Francisco Bay between port/airport facilities and remote regional distribution points. A primary route would be from Oakland and San Francisco Airports to the Silicon Valley to accommodate

the movement of high-value imported and exported electronic products. Bay Area ports and airports are actively considering water transit as a way to relieve truck congestion near terminals and to speed regional delivery of cargo, bypassing congested highways and bridges.

Improvements at the three main niche ports mainly focus on the need for either new or enhanced access routes. The Port of Hueneme in Ventura County is improving Rice Avenue and Hueneme Road to alleviate truck congestion and livability problems in the area. However, the interchange between Rice Avenue and Hueneme Road needs to be improved. The Port of Stockton needs to provide access to its West Complex, formerly known as Rough and Ready Island. This includes a direct connection from State Highway 4 via Daggett Road. Primary access improvements required by the Port of Sacramento includes the redevelopment of the Harbor Boulevard/US 50 interchange, including auxiliary lanes, ramp metering, and the widening of Harbor Boulevard itself into the port area. Funding for this project is included in the proposed 2002 STIP.

Airports

In the “Ground Access to Airport Study” (August 2001), the Department found that signage and ground access are the two most needed improvements at California’s airports. Los Angeles International Airport, which handles 2.1 million tons of air cargo per year and generates \$60 billion in annual economic activity, has proposed a “Ring Road Expressway” to facilitate ground access, along with the realignment and other improvements to SR 1. Improvements to the I-405/I-105 HOV connectors are also required. The Oakland International Airport has proposed the Air Cargo (Infield) Access Road project that will provide improved access to a new air cargo complex. Ontario International airport has proposed the Airport Drive West-End Improvements Program to improve truck access. The Oakland Airport has proposed a runway extension and San Francisco Airport has proposed an additional runway, both of which stakeholders believe need to be completed within the next ten to fifteen years. The San Diego International Airport has proposed the Air Cargo Relocation and Enhancement Project to address its operating, runway, and land use concerns.

International airports are developing master plans that include additional capacity for ground access. The Southern California Association of Governments (SCAG) has recommended in the updated 2001 Regional Transportation Plan the dispersal of cargo delivery and pick up to outlying airports. Lessening the major access problems for overtaxed airports will in turn improve the environment surrounding those airports, though it may adversely affect the environment at airports where the traffic will be increased. Expansion plans cannot move forward without a political consensus.

Railroads

According to BNSF, due to projected increases in freight volumes on the Cajon Pass, a six-mile long section of triple main track will be required between San Bernardino and the Cajon Summit. The second biggest impediment is the Tehachapi Pass. Both BNSF and UP use this single-track main line to access California’s Central Valley and believe double-track mainline and two tunnels are required. Shortline railroad infrastructure that provides congestion relief along the major global gateways would also have to be upgraded to accommodate the 286,000-pound rail cars that carry international freight.

To help reduce truck impacts on I-710, one option being proposed by the railroads is development of a new intermodal facility near the Ports of Los Angeles and Long Beach. Such a facility will need a capacity of at least 400,000 lifts per year. Such a facility would remove 800,000 truck movements per year from I-710 between the Ports of Los Angeles and Long Beach and existing intermodal facilities near downtown Los Angeles.

In an attempt to address the growing need for grade separations, the City of Placentia and the OnTrac Authority in Orange County and the Alameda Corridor-East (ACE) Construction Authority in the San Gabriel Valley have proposed a series of projects along the main lines of the BNSF and UP railroads. The OnTrac Project includes a 5-mile railroad trench (eliminating eight grade crossings) through the cities of Placentia and Anaheim, plus standard grade separations at Placentia Avenue and Melrose Street. The ACE project includes 20 standard grade separations and safety-related improvements at 44 other crossings. San Bernardino County and Riverside County are also developing plans for grade separations along the railroad main lines. Similar efforts are being pursued in the Bay Area and the Central Valley, in conjunction with the continuing development of state rail passenger services.

Border Crossings

With border truck traffic expected to double by 2020, it is crucial for California to upgrade the infrastructure safety and access along the border. Mexico and California are partnering and coordinating projects that will make the San Diego and Imperial Valley commercial Ports of Entries (POE) safer and more efficient. SR 905 (currently Otay Mesa Road) is currently being upgraded to a freeway facility with an additional \$8 million for the next phase in the proposed 2002 STIP and SR 7 at the Calexico POE is also being extended to I-8 primarily with state funds.

The existing Otay Mesa International Port of Entry (POE) handles two-thirds of all trade across the California/Mexico border. Based on growth projections the consensus is that a new POE is needed to handle future traffic between the San Diego and Tijuana regions. To address this need the two countries are working on preserving a transportation corridor and future POE site that is located two miles east of the existing Otay Mesa POE. As a result of this effort, the Department has submitted a Presidential Permit to the U.S. State Department for approving a new POE proposed as "East Otay Mesa Port of Entry" (to be served by a new State Route 11).

The Department is also working with the U.S. Customs, through the use of TEA-21 National Corridor Planning and Development and Coordinated Border Infrastructure Program funds, to implement an ITS technology demonstration project at the existing Otay Mesa POE. The demonstration will be designed to expedite trade by use of electronics for data interchange, credentialing, preprocessing, and screening.

Highways and Roadways

In the Los Angeles area, a study of the I-710 corridor between the Port of Long Beach and SR 60 is presently underway. The purpose of this study is to identify what short and long-term improvements are needed and can be feasibly pursued in this corridor, given that new capacity will be required even after all rail, parallel arterial, and state route improvements and new technology

innovations are put in place. SR 60, from I-5 to I-15, serves the heavy industrial, commercial and warehouse developments from Los Angeles to the Inland Empire. Trucking needs and proposed improvements are well documented in the SR 60 dedicated truck lane study completed early this year by the Southern California Association of Governments. Interstates 5 and 405 are also critical north/south trade routes where capacity and operational improvements, along with new technology, should be implemented.

Improvements to I-10, I-15 and I-40, which provide the east/west interstate connections to the Midwest and East, are vital to California's global trade requirements. For example, the 2000 STIP included \$16.5 million for the I-10/Etiwanda Avenue Interchange project that will be used to modify and reconstruct this interchange to enhance safety, improve access, and support redevelopment in this area just east of I-15 in San Bernardino County. This project will improve interchange operations, reduce traffic weaving, and improve access to truck servicing and warehousing facilities. It will also support redevelopment and reuse of the former Kaiser Steel Mill "brownfield" site north and east of the interchange.

In the Bay Area, major improvements to I-80, I-580, and I-880 are required. In the Central Valley, SR 99 is the predominant north/south route for transporting agricultural and other products for both domestic and foreign trade. The 2002 STIP proposes needed funding for SR 99 new capacity and upgrades to freeway status in several locations along this corridor. I-5 through the Central Valley must also continue to be maintained and improved, especially in and around urban areas such as Sacramento and Stockton.

In addition to major capacity enhancements, operational improvements can significantly improve safety, reduce delays, provide motorist direction, eliminate bottlenecks, and generally increase throughput on the system. This includes auxiliary lanes, truck-climbing lanes, and interchange modifications, turn pockets, and restriping. It also includes signal installation and synchronization, and the development of more rest stops and truck parking. But to get the maximum efficiency from the system, ITS applications must continue to be pursued, implemented, and/or expanded across all modes. This includes traveler information systems, enhanced system management and incident response, truck pre-pass/preclearance systems at weigh/inspection stations (utilizing advance weigh-in-motion techniques), cargo/equipment inventory and maintenance systems, innovative maintenance procedures, and collision avoidance. In general, operational improvements, which are less capital-intensive, should be given priority, and as capacity is added new facilities should incorporate the latest operational technology.

Implementing these projects will require collaboration of many competing interest groups and the formation of key public-private partnerships. California must remain focused on the goal of improving its global gateways. Funding will be the next major challenge, but through a serious consensus and coalition building process, California's goals can be realized.

Table 4: System Deficiency and Improvement Concept Matrix

The following table is a list of goods movement deficiencies and improvement concepts as identified by various stakeholders to improve mobility and access to the State's major gateways, and along various trade corridors. Some projects may be appropriate for either private, public or public/private partnership funding. This list is not a prioritized listing, nor is it all inclusive.

Mode or Route	Deficiency Description	Improvement Concept Description
<i>Seaports</i>		
Port of Long Beach (POLB) and	Congestion, capacity limitations on State Highway System.	1-710 corridor capacity enhancements; Gerald Desmond Bridge replacement, SR 47 (Terminal Island Freeway) – seismic replacement of C. S. Heim Bridge; SR 47/Ocean Blvd. interchange (preserve fully approved TCRP funds); modify SR 47/Harbor Blvd.-Front Street interchange.
	Lack of intermodal connectors, inefficient rail yard operations, capacity.	POLB - Alameda Corridor Terminus Rail Yard expansion; POLA - Pier 400 rail loading/storage yards development, centralized train control.
Port of Los Angeles (POLA)	Heavy congestion, incidents, and emissions on State Highway System and on local arterials in and around the ports.	Port of Long Beach/Los Angeles Advanced Traveler Management Information System (ATMIS); extend Terminal Island Freeway to I-405; test shuttle train service between the ports and San Bernardino County/Inland Empire area to reduce truck traffic.
	Rail grade crossing conflicts, blocking, delays, congestion.	Construct Henry Ford Avenue, Neptune Avenue grade separations.
Port of Oakland	Constrained I-880 and local access to port and Joint Intermodal Terminal.	Replacement/reconstruction of 7 th Street grade separation.
	Heavy congestion and air emissions due to truck traffic in and around the port area.	Test shuttle train service between the port and Stockton area to reduce truck traffic. Test dedicated ferry service between port/airports and the Santa Clara Valley.
	Peak-period truck operations; limited port area truck parking; community impacts.	West Oakland Truck Parking Facility.
	Shallowness of harbor and channels constrain ocean carrier access.	Dredge/deepen port channels.
Port Hueneme	No direct State highway access routes. Local route congestion, “livable community” issues surrounding port.	Interchange at Rice Ave and U.S. 101, and widen road to divert traffic from local streets.
Port of Sacramento	U.S. 50/Harbor Blvd interchange operates at capacity (50,000 trucks annually), with frequent backups on U.S. 50 and Harbor Blvd.	Widen Harbor Blvd and interchange structure, add auxiliary lanes on U.S. 50, ramp meter, expand overcrossing structure.
Port of Stockton	Lack of suitable access to West Complex (formerly Rough and Ready Island).	Infrastructure improvement on Dagget Road / direct connection from SR 4.

Mode or Route	Deficiency Description	Improvement Concept Description
Airports		
Los Angeles International Airport	High volumes and constrained access resulting in State highway and local arterial street traffic impacts. Increasing air cargo traffic, limited land for expansion.	LAX "Ring Road" Expressway; major improvements, realignment of SR 1 (to accommodate runway expansion); I-405/I-105 HOV connectors.
Oakland International Airport	Limited or no access for trucks.	Air Cargo (Infield) Access Road Project - provide improved access to a new air cargo complex
Ontario International Airport -	Lack of adequate access for increasing volume of trucks transporting air freight.	Airport Drive West-End Improvements.
San Diego International	Capacity and operational constraints (e.g., runway congestion) due to land-use and environmental limits. Marginal air cargo terminal access.	Airport Air Cargo Relocation and Enhancement Project.
Border Access		
San Diego/Otay Mesa Commercial Border Crossing	Increased truck traffic resulting from NAFTA; congestion, safety concerns.	Upgrade SR 905 (currently Otay Mesa Road) to freeway facility.
	NAFTA related truck traffic is projected to double in the next 20 years.	Develop Otay Mesa East Port of Entry and construct SR 11 connection to SR 905.
Imperial County/Calexico East Commercial Crossing	Lack of direct connection between commercial crossing and I-8; operational/safety issues along SR 98.	Extend SR 7 to I-8; development operational and safety improvements to SR 98.
Major International Trade Routes – Highways		
Interstate Routes		
5	High truck travel demand along entire corridor; major congestion in Los Angeles area; safety and rehabilitation concerns.	Capacity and operational improvements; safety enhancements, long-life pavement; research feasibility of dedicated truck lanes in Orange and Los Angeles counties.
10	Heavy congestion including truck traffic; weaving and safety problems at some locations.	Capacity and operational improvements; truck climbing lanes; interchange improvements.
15	Heavy truck and auto travel demand; congestion; limited capacity in some locations.	Capacity and operational improvements; truck climbing lanes; research feasibility of dedicated truck lanes between SR 60 and U.S. 395.
40	Low average annual daily traffic (AADT) but heavy truck volumes.	Operational improvements; safety and roadside rest area improvements.
80	Heavy congestion; limited capacity in Vallejo and other locations; heavy cross-Sierra interstate truck volumes; snow removal conditions; rest stop limitations.	Capacity and operational improvements; interchange improvements (e.g., I-80/I-680 junction), truck climbing lanes; rest stops; long-life pavement.
205	Heavy truck volumes and congestion; serves as a Central Valley connection with Bay Area via I-580.	Capacity and operational improvements; I-205/I-580 truck facility.

Mode or Route	Deficiency Description	Improvement Concept Description
238	Heavy congestion and weaving movements at junction with I-580, and at the I-238 to northbound I-880 interchange.	Widen I-238 to six lanes; develop truck only bypass, I-580 to I-238.
405	Heavy congestion but lower than average heavy-duty truck traffic (2%).	Operational improvements and capacity enhancements.
580	Congestion near Livermore; slow vehicles, weaving, westbound at junction with I-205. at Altamont Pass.	Truck only bypass, truck climbing lane.
710	High truck travel demand, incident levels, vehicle congestion.	Capacity, operational improvements including HOV lanes; research feasibility of dedicated truck lanes.
805	Heavy auto volumes with less than average heavy duty truck traffic (2%).	Operational improvements and quality enhancements.
880	Heavy truck and automobile demand; roadway deterioration.	Capacity enhancements, interchange and operational improvements; long-life pavement.
US/State Routes		
7	See border access discussion above.	
11	See border access discussion above.	
58	High percentage of heavy-duty trucks (35%); passing and safety concerns.	Develop Bakersfield freeway west of SR 99, and four-lane facility SR 14 to I-15. Improve grade separations, truck climbing lanes, rest stops.
60	High truck travel demand, vehicle congestion.	Capacity improvements; continue evaluation of dedicated truck lanes.
99	South of Sacramento volumes range from 10,000 to 100,000 AADT with heavy-duty truck component as high as 14%. North of Sacramento volumes are 10,000 to 50,000 AADT but high proportion of truck traffic.	South of Sacramento: Capacity and operational improvements; interchange improvements and rest stops; north of Sacramento local widening and interchange improvements.
101	Very high total volumes but with relatively low truck volumes in Los Angeles area; higher truck volumes from Salinas north to San Jose; heavy total volumes in the Bay Area but low truck volumes; North Coast total volumes relatively low but high truck percentages.	Provide capacity enhancements; gap closures; interchange improvements; rest stops and operational improvements.
111	Relatively low total traffic volumes but high percentage of truck traffic (20%) due to border crossing at Calexico and to heavy agricultural activity.	Construct realignments; capacity enhancements and operational improvements.
120	Main connector between SR 99 and I-5/ I-205/I-580 and the Bay Area. High truck volume as percentage of total traffic (20%).	Build interchange improvements at I-5 and SR 99; operational improvements; provide right-of-way protection for future interchange revisions in Manteca area.
152	Between U.S. 101 (Gilroy) and SR 99 moderate volume levels but a high percent of heavy truck traffic (12%). Accident rates	Construct new facility to increase capacity and reduce accidents between U.S. 101 and SR 156; construct Los

Mode or Route	Deficiency Description	Improvement Concept Description
	along some segments are higher than state averages.	Banos Bypass; implement operational improvements.
905	See border access discussion above.	
Other Routes		
11	See border access discussion above.	
98	See border access discussion above.	
299	Primary lifeline to Redwood Empire (Eureka/Arcata area) from Redding. Mountain highway; will not accommodate STAA (53 foot trailer) trucks over Buckhorn Grade. Truck volumes are high (21%) while total volumes are low.	Build new facility on Buckhorn Grade; operational improvements; modify facility to accommodate Surface Transportation Assistance Act (STAA) large trucks.
395	Heaviest volumes and truck concentrations are on two-lane segment in San Bernardino County between I-15 and SR 58. Rapid development in area. North of SR 58 to the Nevada state line relatively low volume two and four lane facility for autos and trucks.	Expand capacity and add passing lanes from I-15 to SR 58. Construct operational improvements (truck climbing lanes, travel advisory changeable message signs); upgrade rest stops along corridor.
680	Capacity constraints, congestion in San Ramon Valley. Choke point at I-80/I-680 interchange; inadequate freeway-to-freeway connectors at Westbound SR 4 to Southbound I-680.	Construct auxiliary lanes, interchange reconstruction.
Non-Route Specific Operational Deficiencies/Improvements		
Long Life Pavement	As truck volumes increase, roadway deterioration increases. Roadway pavement composition needs to be upgraded to lengthen roadway life and reduce rehabilitation needs.	Employ long-life pavement in new highway construction and in roadway rehabilitation where current or projected truck volume exceeds 15,000 trucks per day.
Rest Areas	Lack of truck parking capacity. Need additional sites to fill 100+ mile gaps between existing rest areas along Interstate routes.	Ten-year plan under development. Plan may add up to 9,411 new spaces, 1/3 of which would be for long vehicles. New rest area projects under development: SR 99 Chowchilla; SR 99 San Joaquin River; I-5 Mokelumne River; U.S. 50 Kyburz, and I-5/I-80 Elkhorn.
Truck Parking	Lack of urban parking/load capacity.	Work with local governments to develop adequate parking sites; provide more large, long-vehicle parking at future rest areas.
New Technology/ Intelligent Transportation Systems (ITS)	Need for standardization to be used across regions, states and national boundaries.	Standardize administrative access, administrative processes and technologies, pre-clearance technologies and programs; facilitate a standard, universal, multistate or nationwide cooperative ITS solution.

Mode or Route	Deficiency Description	Improvement Concept Description
	Advance Traveler Information System (ATIS) applications need to be further developed and implemented statewide.	Tailor information to increase safety, improve on-time service, increase efficiency and reduce weather/hazard-related incidents.
	Further advances in vehicle location for trucks and non-trucks should be pursued.	Develop automated vehicle identification (AVI) standard that can be deployed across and beyond regional and state boundaries.
	Lack of public/private cooperation on products and information sharing.	Among federal, states, regions, and private industry, form new cooperative institutions and policies to address information sharing and privacy issues.
<i>Major International Trade Routes – Railroads</i>		
Class I Rail Line Capacity Improvements		
Cajon Pass	Lack of capacity.	Add additional third main track.
Tehachapi Pass	Lack of capacity.	Add additional second main track.
BNSF – San Bernardino Subdivision	Lack of capacity.	Add third main line through northern Orange County.
Class I Intermodal Improvements		
Long Beach	Lack of space at seaports to accommodate loading of all intermodal trains.	Construct near-dock intermodal facility.
San Bernardino	Lack of space at Ports of Los Angeles and Long Beach to sort intermodal containers before unloading on-dock cargo.	Construct an Inland Empire intermodal facility to presort containers before entering the ports.
Oakland	Lack of direct access to the Port of Oakland.	Complete development of the Port of Oakland Joint Intermodal Terminal.
Class II/Class III Shortline Improvements		
	Lack of heavy rail to accommodate 286,000 pound railcars.	Make necessary track improvements.
	Lack of bridges to accommodate 286,000 pound railcars.	Make necessary bridge improvements.
	Lack of local intermodal facilities.	Develop local intermodal facilities.
Grade Separations/Other Non Route Specific Rail Improvements		
Alameda Corridor	Lack of grade separation at junction with Pacific Coast Highway (SR1)	Complete development and construction of Pacific Coast Highway (SR1) grade separation.
Alameda-East: UP Corridor	Traffic circulation delays, community division, safety concerns.	Build UP Alameda Corridor-East grade separations – Los Angeles and San Bernardino Counties.
Alameda-East: BNSF Corridor	Traffic circulation delays, community division, safety concerns.	Build BNSF/Orangethorpe Corridor lowered railway and grade separations, Los Angeles, Orange, and Riverside Counties.
UP Corridor, Alameda County	Truck delays, community division, safety concerns.	Develop grade separations (e.g., grade separation at Union City Boulevard).

4.0 GLOBAL GATEWAY FINANCING: STATE, FEDERAL, LOCAL, AND PRIVATE SECTOR STRATEGIES

4.1 Project Funding Priorities – Achieving the Greatest Transportation, Economic and Community Benefits

Goods movement projects selected for funding should be those that have the highest transportation, economic and community benefits.

This includes projects that:

- are clearly of national and statewide significance
- increase access and connectivity to Priority Global Gateways (Table 3)
- reduce freight-related congestion
- improve system reliability and safety
- reduce air pollution, noise, and energy consumption.

Priority should be given to projects that:

- facilitate the movement of international cargo while mitigating environmental impacts of freight traffic.
- employ innovative techniques for optimizing system operations and efficiency, including ITS.
- have the potential for reducing peak-period highway demand and for shifting loads from trucks to rail.
- have the highest benefit/cost ratio.
- are on Intermodal Corridors of Economic Significance (ICES), high-emphasis routes, focus routes, National Highway System routes (including NHS Connector routes), or Surface Transportation Assistance Act (STAA) routes.

4.2 New Strategies Required to Finance Goods Movement Projects

Goods movement plays an important role in maintaining a healthy economy. It supports the growth of California businesses, provides jobs and contributes to the State's economic growth. However, when it comes to funding, goods movement projects have historically not competed well. Transportation agencies have traditionally supported passenger/commuter-oriented projects. Californians need to recognize the interconnectivity of commuter and business needs. Our project selection process needs to take these needs into consideration when determining which projects get funded. Advocates for freight projects cite their environmental benefits as much as their transportation and economic benefits. A case in point is the Alameda Corridor project and similar projects like OnTrac's in northern Orange County. Governor Davis has recognized the connectivity of passenger and freight rail projects funded through the STIP and TCRP, for improving goods movement to and through California's global gateways.

As we increase awareness of the importance of goods movement to the State's economy, there is a need to reexamine public policy to consider more funding flexibility for projects that improve freight mobility. For example, grant programs could be redesigned to give freight projects an

equal opportunity to compete against other types of projects. Innovative financing techniques (involving revenue streams) must also be identified for goods movement projects. This will require greater information and better planning across all levels of government. It will involve collaboration and new partnerships with the private sector. Investments must be targeted and leveraged as efficiently as possible to achieve the best use of limited resources. At the federal level, S.870 would give federal tax-exempt financing status to intermodal facilities of any type. If passed, this legislation would increase the ability of intermodal facility projects to be more quickly funded and built.

Empowering private sector investments and public-private partnerships is only one way to improve the effectiveness of trade mobility in the state. Pooling of federal, state, local and private funds in a way that avoids funding restrictions and supports public/private partnerships should also be encouraged. Establishing a funding pool strategy could also improve financing terms and rates and allow projects to bank or borrow against future funding to start and complete construction sooner. These dollars could provide short-term loans to credit worthy projects or Joint Power Authorities at lower lending rates. Further evaluation of the pooling concept would determine what kind of requirements and funding sources should be used in establishing an effective transportation resource pool that will also compliment existing state and federal funding programs. Currently, many funding programs for transportation projects are commercially non-competitive or burdened with requirements and guidelines that make them unattractive to most projects seeking funding or short term financing.

4.2.1 State Funding Programs Need Modification for Greatest Impact

The State of California provides traditional funding through the State Transportation Improvement Program (STIP), the State Highway Operation and Protection Program (SHOPP), and the California Aid to Airports Program (CAAP). The State in addition has a number of innovative financing programs including State Highway Account Short-Term Loans, Grant Anticipation Revenue Vehicles (GARVEE), the Transportation Finance Bank (TFB), and the California Infrastructure and Economic Development Bank (CIEDB).

State Transportation Improvement Program

State funding for major capital improvements is normally provided from the State Transportation Improvement Program (STIP). Seventy-five percent of the STIP funds are allocated to the Regional Transportation Improvement Program (RTIP) for use by Regional Transportation Planning Agencies (RTPAs) (see section 4.2.3 below). The California Department of Transportation has responsibility for recommending programming for capital outlay projects from the remaining 25 percent of the STIP funds. The 25 percent portion is known as the Interregional Transportation Improvement Program (ITIP). Of these interregional funds, 60 percent must be expended on projects on the Interregional Road System (IRRS) and on intercity rail projects. The IRRS is a legislatively identified set of 87 State highway routes (or portions of routes) out of the 249 routes comprising the State Highway System. By statute, 15 percent of this 60 percent must be spent for intercity rail including commuter rail and grade separation projects, with the remaining 85 percent designated for IRRS projects *outside* of urban areas.

The remaining 40 percent of the ITIP funds is available for discretionary projects in urban and rural areas, subject to a 40/60 north/south split. Through this flexible program, the Department can fund or help fund projects within the urban jurisdiction of RTPAs, including those of statewide significance. However, RTPAs may propose their own projects for funding from the ITIP if they can substantiate that such projects would be more cost effective than the Department's selected projects for the specific deficiencies.

In the 2000 STIP, over \$160 million in goods movement related projects were programmed as a portion of the ITIP. Likewise, for the proposed 2002 STIP, an additional \$225 million has been proposed for goods movement related projects as part of the ITIP.

ITIP funds are available for goods movement projects in the State's major gateways, as long as they do not violate the provisions of Article XIX of the California Constitution. Under Article XIX, State Highway Account funds can only be used for highway, roadway, and passenger rail/transit guideway purposes. These funds cannot be used to construct freight intermodal facilities or freight rail improvements.

Stakeholders believe that the 25 percent portion of the STIP funds is not sufficient to address statewide transportation needs, including needed goods movement improvements. Moreover, it would be appropriate to seek regional funding participation for improvements within counties where major needed goods movement projects are located.

State Highway Operation and Protection Program (SHOPP)

The State Highway Operation and Protection Program (SHOPP) is the State's program for the maintenance, rehabilitation and reconstruction of the State Highway System. It also provides major funding for traffic safety, roadside rehabilitation, and operations projects. Goods movement projects funded under the SHOPP include truck climbing lanes and long-life pavement. The 2000 SHOPP provided \$3.6 billion over four years, 2000-01 through 2003-04.

As the age and use of the highway system continue to increase, demands for SHOPP funds will continue to increase, which will lead to lower amounts available for new capital improvements and other needs in the STIP. These expenditures, however, are vital if the State's existing system investment is to be maintained, and higher reconstruction costs are to be avoided in the future.

Traffic Congestion Relief Program (TCRP)

In 2000, the Davis Administration and the Legislature increased funding for transportation investments by the passage of the Traffic Congestion Relief Program (TCRP). As enacted in AB 2928 and SB 1662, this one-time program provides a nearly \$8 billion investment effort to upgrade California's infrastructure to ease congestion and improve mobility, including a total of \$368 million for specific goods movement projects. These includes \$273 million for grade separation projects on the Alameda Corridor East rail lines, including \$150 million in Los Angeles County, \$95 million in San Bernardino County (including a rail-to-rail separation at Colton), and \$28 million for grade separations in Orange County (i.e., the Orangethorpe Corridor). In addition, \$25 million was provided for a new freeway access to the Otay Mesa Port of Entry on the Mexican border to allow full implementation of the North American Free Trade Agreement. Also provided

was \$10 million for two truck climbing lanes on Interstate 15 in San Bernardino County. Finally, \$60 million was provided to restore and upgrade the operation and infrastructure of the North Coast Railroad.

California Aid to Airports Program (CAAP)

The Aeronautics Account is established within the State Transportation Fund from which all general aviation airport program monies are drawn. The majority of the revenues in the fund come from an 18 cents per gallon excise tax on aviation gasoline and a two cents per gallon tax on general aviation fuel. These are levied on general aviation aircraft only and by law can only be solely used for general aviation improvements.

Under state law, sales taxes are collected on the use of jet fuel by commercial aircraft. The revenue from this tax is deposited in the General Fund. While a portion of this tax revenue is allocated to local government for various purposes including transit, it is not available for commercial airport improvements. Therefore, one alternative source for funding airport access improvements for cargo transport would be to change state law to dedicate such funds for freight access improvements at commercial airports.

The Department does not have the authority to match Federal Aviation Administration Airport Improvement Program funds for commercial service airports. This authority is required if the State is to take full advantage of these funds. In addition, dedicated funding is needed to support necessary capacity and access improvements for airport ground access. Other important options for funding airport projects are discussed in the Department's Ground Access to Airport Study.

State Highway Account Short-Term Loans (AB 1012, Torlakson)

AB 1012 authorized the use of unallocated funds in the State Highway Account (SHA) for the purpose of making short term loans, four-years or less, to advance the capital improvement phase of the STIP. To be eligible, projects must be included in an adopted Regional Transportation Plan and must comply with California Environmental Quality Act. Total project costs must be greater than \$10 million or up to 50 percent of STIP County Share in counties with a population under 500,000. The funding level is dependent on limits set by the California Transportation Commission (CTC), which is done twice a year - January 15th and July 15th. CTC sets limits on the amount of funds and the length of time funds are to be available, for the following six-month period. Total outstanding loans cannot exceed \$500 million at one time. The maximum amount of funds that may be loaned for one or more projects to any single county in any single loan must not be more than 50 percent of the most recent regional-choice funding allocation, in an amount not to exceed \$100 million. Transportation Planning Agencies, County Transportation Commissions, Transit Districts, City and County Governments, and Local Transportation Authorities are eligible to apply for a loan under this program. Loan repayments must be made in cash from non-state revenue sources. The interest rate is based on the State's Pooled Money Investment Account (PIMA) quarterly interest rate.

Since the interest rate is considered non-competitive, there has been little interest in the program. In addition, projects are under the constraint that construction must begin no later than six months after the date the loan funds are transmitted.

Grant Anticipation Revenue Vehicle (GARVEE) (SB 928, 1999)

SB 928 authorized the State Treasurer to issue GARVEE bonds and permits the CTC to select and designate projects under the program. The intent of the Legislature was to accelerate the funding and construction of critical transportation projects. In order for a highway or other transportation project to qualify, it must be eligible for the STIP and for federal funds apportioned to the State. The project must have environmental clearance and a completed project design. It must meet all federal requirements, including compliance with the National Environmental Policy Act (NEPA). GARVEE bonds have a maximum of a 30-year term. Proceeds of bonds issued by the State Treasurer's Office are deposited in the State Highway Account, Transportation Financing Subaccount. Total of all annual bond repayments may not exceed 30 percent of annual federal transportation funds deposited in the State Highway Account. Funding is restricted to right-of-way and constructions costs.

Applicants must be a RTPA or a County Transportation Commission that is the approving authority for the county's submission of projects to the STIP. Other local entities, such as city or county governments or local transportation authorities, must apply jointly with their RTPA or county transportation commission. GARVEE bond project allocations will be charged against the county or interregional shares except that the charge will be for the debt service (principal, interest, and cost of issuing bonds) by fiscal year rather than for the allocation of bond proceeds. The charge will be spread over a period of years normally well beyond the current STIP period. GARVEE bond funding is subject to federal match requirements. Project proposals must specify the source of the matching funds.

California Transportation Finance Bank (TFB)

The National Highway System Designation Act of 1995 created the Transportation Finance Bank (TFB). It is a pilot program for the purpose of making loans, enhancing credit, subsidizing interest rates, and providing other assistance to public and private entities for eligible transportation projects. California was one of ten states selected for this pilot. California chose to establish a credit enhancement program through the TFB, which offers bond guarantees, long- and short-term bond insurance, and similar enhancements. The TFB is available to public and private entities to carry out eligible transportation projects. Because the TFB is capitalized through various apportionments of the U.S. Department of Transportation under its Advance Capitalization Program, as well as State of California Highway Account Funds, applicant projects will need to meet both federal-aid and state law provisions, including planning, programming, design, engineering, administrative, and construction requirements. In addition, applicant projects must meet the definitions of "Capital Project" and/or "Construction" and/or "Federal Aid Highway" as specified in Section 350(l)(1) and (2) of Public Law 104-59. Capital projects are subject to federal requirements of the Federal Transit Act and the limitations imposed by Article XIX of the California State Constitution. The Federal Highway Administration (FHWA) granted \$3 million to California to capitalize the California TFB. Due to the limited capitalization provided for the TFB, this type of funding is best utilized for smaller, relatively homogenous, shorter-term projects that are regional or local in scope.

The State must commit to use future federal funds to pay debt service in case of default on a loan guarantee. It is required that repayment of expenditures by the TFB have a dedicated project revenue source that is identified in the financing. Requirements include:

- (1) Competent third party certification of projected revenue flow sufficient to establish a minimum of 1.15x debt service coverage on all TFB-insured debt;
- (2) Mitigation of construction cost risk by virtue of a design/build or fixed price procurement contract and litigation opinion by counsel;
- (3) Review and recommendation for approval by competent third party of financial plan for each project; and
- (4) Approval of project by relevant Metropolitan Planning Organization/Regional Transportation Planning Agency and placement in the Regional Transportation Plan.

California Infrastructure and Economic Development Bank (CIEDB)

The Bergeson-Peace Infrastructure and Economic Development Act of 1999 established the CIEDB to “secure and enhance the economic well-being of Californians, promote economic development in the State, and provide a healthy climate for the creation of jobs.” It was the Legislature’s intent to create a mechanism to finance projects that foster economic development, job creation and growth management strategies. The purpose of this act was to provide a secure and stable funding source to meet critical economic, social, and environmental concerns. Eligible project costs include construction, renovation, and acquisition of all lands, structures, real or personal property, rights-of-way, franchises, licenses, easements, and interests acquired or used for a project.

Eligible project elements include designing, acquiring, planning, permitting, entitling, constructing, improving, extending, restoring, financing, and generally developing public development facilities. This is applicable to “port facilities,” including air and rail transport of goods, airports, guide ways, vehicles, rights-of-way, passenger stations, maintenance and storage yards, and related structures, including public parking facilities. It also applies to “Defense Conversion” including, but not limited to, facilities necessary for successfully converting military bases consistent with an adopted base reuse plan. The interest rates are made on a fixed basis at approximately 67 percent of Thompson’s Municipal Market Data index for an “A” rate tax-exempt security. The loans cannot exceed 30 years or the useful life of the project. Additional costs include a one-time loan origination fee and an annual loan-servicing fee.

4.2.2 Flexible Use of Existing Funds, TEA-21 Renewal Critical to Gateway Funding

The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 emphasized the significance of freight transportation to economic productivity. Although the ISTEA did not provide a specific category of funds for freight projects, three categories of funding under ISTEA have been used to fund freight transportation: Congestion Mitigation and Air Quality (CMAQ), Surface Transportation Program (STP), and the National Highway System (NHS) Program. Some limited dollars have also been provided for ITS application development and demonstration.

The Transportation Equity Act for the 21st Century (TEA-21), which was enacted in 1998, provided additional resources and tools to address freight needs. Included were two new credit

programs, the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Rail Revitalization and Improvement Funding (RRIF) Program. In addition the TEA-21 provided two related discretionary grant programs called National Corridor Planning and Development Program (NCPD) and the Coordinated Border Infrastructure (CBI) Program.

“Neither ISTEA nor TEA-21 includes a funding program dedicated exclusively to freight transportation projects. A review of the experience to date in funding freight transportation improvements reveals two basic problems – the *eligibility* of freight projects for public financing assistance, and ensuring that they receive *priority* when funding decisions are made.” (FHWA, Freight Financing Options for National Freight Productivity, April 2001, emphasis added).

Congestion Mitigation and Air Quality (CMAQ)

To be eligible for CMAQ federal-aid funding a project must reduce carbon monoxide or other specified pollutants in a non-attainment area or maintenance area under the Clean Air Act. As long as these conditions are met, the program can be used to fund a variety of freight projects including rail and non-highway projects.

Surface Transportation Program (STP)

Another federal-aid program, the STP has been used to fund a wide variety of freight projects, including railroad grade separations, roadway improvements to improve truck movements on federal-aid highways, modifying a rail line to accommodate a federal-aid highway project, bridge improvements, and other highway-related improvements. These funds in California are split. Two thirds are allocated to the MPOs. One-third is allocated to the State, which reallocates the funds as part of the State Transportation Improvement Program.

National Highway System (NHS) Program

In the ISTEA Congress called for the identification of Interstate Highways and other primary arterials that were essential to the economic well-being and development of the United States. These priority highways are eligible for a dedicated federal-aid-funding category. In California, all these funds are allocated to the State, which reallocates them as part of the STIP.

Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)

Modeled after the federal loan provided to the Alameda Corridor Transportation Authority in 1997, the TIFIA provides federal credit assistance to major transportation investments of critical national importance, such as: intermodal facilities; border crossing infrastructure; highway trade corridors; and transit and passenger rail facilities with regional and national benefits. This TIFIA credit program is designed to fill market gaps and leverage substantial private investment by providing supplemental and subordinate capital. The TIFIA credit program offers three distinct types of financial assistance, designed to address projects’ varying requirements through their life cycles:

- 1) Direct federal loans to project sponsors offer flexible repayment terms and provide combined construction and permanent financing of capital costs;

- 2) Loan guarantees provide full-faith-and-credit guarantees by the federal government to institutional investors such as pension funds, which make loans for projects;
- 3) Standby lines of credit represent secondary sources of funding in the form of contingent federal loans that may be drawn upon to supplement project revenues, if needed, during the first ten years of project operations.

The amount of federal credit assistance may not exceed 33 percent of total project costs. Interest rate is equal to, or greater than, U.S. Treasury securities. A total of \$503 million of federal funding is provided to pay the “subsidy cost” of supporting federal credit under TIFIA, that is, to cover estimated losses. Annual caps totaling \$10.6 billion limit the principal amount of credit instruments issued.

Any project that is eligible for federal assistance through existing surface transportation programs (highway projects and transit capital projects) is eligible for the TIFIA credit program. Eligible projects include international bridges and tunnels, and publicly owned intermodal freight transfer facilities (except seaports or airports) on or adjacent to the National Highway System. Each project must meet certain objectively measurable threshold criteria to qualify. It must cost at least \$100 million or 50 percent of the State’s annual apportionment of federal-aid funds, whichever is less. (For ITS projects the minimum cost is \$30 million.) The projects also must be supported in whole or in part from user charges of other non-federal dedicated funding sources and be included in the State’s transportation plan. Qualified projects meeting the initial threshold criteria are evaluated by the U.S. Secretary of Transportation and selected based on the extent to which they generate economic benefits, leverage private capital, promote innovative techniques, and meet other program objectives. Each project must receive an investment grade rating on its senior debt obligations before federal credit assistance will be provided.

A key concern, however, is that few TIFIA applications have been submitted. It will be important to evaluate why that is the case as Congress begins deliberation on the reauthorization of TEA-21.

National Corridor Planning and Development (NCPD) Program and Coordinated Border Infrastructure (CBI) Program

The NCPD and the CBI Programs, under Sections 1118 and 1119 of TEA-21, are discretionary grant funding programs. They provide funds for planning, project development, construction and operation of projects that serve border regions of Mexico and Canada and high-priority corridors throughout the United States. Under the NCPD, states and MPOs are eligible for discretionary grants for corridor feasibility and planning studies, design, economic growth, international or interregional trade, multi-state coordination, environmental review and construction. Under the CBI program, MPOs and border states are eligible for discretionary grants for transportation and safety infrastructure improvements, operation and regulatory improvements, and coordination and safety inspection improvements in their border regions. Project applications are submitted to FHWA. The combined authorized funding level for these two programs is \$140 million each year from FY 1999 to FY 2003. Under these programs, California has received \$51.1 million to date.

Railroad Rehabilitation and Improvement Financing

TEA-21 also authorizes a new Railroad Rehabilitation and Improvement Financing Program to provide credit assistance, in the form of direct loans and loan guarantees, to public or private sponsors of intermodal and rail projects. The Act does not provide budget authority, but authorizes future appropriations and contributions from potential borrowers and other non-federal sources to fund the credit assistance. Applicants must pay an up-front fee, representing a percentage of the loan received. The aggregate amount of outstanding loans and guarantees made under this program is limited to \$3.5 billion, with \$1 billion reserved for projects primarily benefiting freight railroads other than Class I carriers. Eligible projects include the acquisition, development, improvement, or rehabilitation of intermodal or rail equipment or facilities, including track, bridges, yards, buildings, and shops.

Bridge Replacement and Rehabilitation

Another separate program in TEA-21 is the Bridge Replacement and Rehabilitation program. A total of \$20.4 billion is authorized for this program for FY 1998 through FY 2003 to provide assistance for eligible bridges located on any public road. These funds are administered through the Department Local Assistance Program.

Airport and Airway Trust Fund and Passenger Facility Charges

The Airport and Airway Trust Fund is supported by federal excise taxes on airline tickets, aviation fuel, and air cargo. Grants from the fund can be used for runway improvements, terminal expansions, navigational aids and related projects. However, these funds cannot be used for projects outside of airport property. Passenger Facility Charges (PFCs) have similar restrictions. Therefore, one alternative source for funding airport access improvements for cargo transport would be to change the federal law to permit the funding of airport-related projects that are not located on airport property.

4.2.3 Solving Goods Movement Challenges at the Local and Regional Levels

75 percent of STIP funds are allocated to RTPAs for their Regional Transportation Improvement Programs (RTIP). Each RTPA establishes procedures by which cities/agencies compete for these funds. For example, the Los Angeles County Metropolitan Transportation Authority (LACMTA) issues a “call for projects” every two years. Cities/agencies within Los Angeles County submit applications to the LACMTA for review. LACMTA staff ranks projects and recommends a priority listing of projects to the MTA committees and Board of Directors. The LACMTA Board then transmits the approved list to SCAG for inclusion in the RTIP.

RTPAs have relatively greater freedom to fund various improvements from these funds. However, historically the amount of funding going to goods movement projects has been limited, in part because the project identification and selection process in many areas is not designed to evaluate goods movement projects on their own merits. Several agencies, such as the Metropolitan Transportation Commission and the Southern California Association of Governments, have attempted to resolve this planning and programming dilemma through the development and use of Regional Freight Advisory Councils. However, more progress is required

if goods movement projects are to compete with all other types of projects within the MPO/RTPA planning and programming processes.

Self-help counties within California have passed various sales tax measures to help fund transportation projects. LACMTA, for example, has provided approximately \$76 million in Proposition C funds to the Alameda Corridor project. It is clear that freight projects, such as grade separation programs, have significant potential for reducing congestion and reducing pollution within local communities. Therefore, these projects are good candidates for local, as well as regional, state and federal funds. Another example is Measure B in Alameda County, which has provided funds to airport access projects.

5.0 STAKEHOLDER OPTIONS FOR GOODS MOVEMENT IMPROVEMENTS

“Freight transportation has been identified as an essential factor for maintaining the nation’s economic health and competitiveness, and it is essential that adequate funding be made available for freight projects.” (FHWA, Freight Financing Options for National Freight Productivity, April 2001, p. 12).

For the purposes of the GGDP to be accomplished, a series of actions must be taken. The stakeholders, both through committee meeting discussions and survey responses, offered the following action options for policy makers to consider to improve the flow of goods movement through California’s gateways. When added together, the options suggest that at the federal, state and regional levels, dedicated funding programs for goods movement projects should be established, goods movement projects should be given full consideration in the priority setting process, and eligibility criteria in funding programs should be expanded to cover a broad range of goods movement projects. These actions will leverage private sector investment and fuel economic prosperity.

The State, RTPAs and other local agencies should take an aggressive role in planning, funding, developing, operating and maintaining critical public portions of the goods movement transportation system. State funds should be available to fund critical improvements both on and off the State Highway System, including local roadway projects and ground access to seaport, airport, and freight intermodal facilities, both publicly and privately owned, that have significant public benefits. Such funds should also be available for those goods movement-related improvements that typically would be eligible for State Highway Operations and Protection Program funding. In the proposed 2002 STIP, the Governor has nominated 23 projects totaling over \$225 million to improve goods movement in the State. RTPAs and other local agencies should also financially support needed freight projects with regional and local funds. Super-regional airport authorities, with the ability to plan for more efficient and balanced use of existing and new airport capacity, should be developed to bring about a more integrated system of airports in California. Finally, strategies and performance measures should be developed to ensure the full consideration of goods movement projects in the federal, state and regional transportation planning and programming.

Regional/Local Agency Support

It is critical that RTPAs and other local agencies do their part to financially support high priority freight projects. Goods movement projects must be allowed to compete fairly for regional and local funds.

State Infrastructure Bank Program Expansion

The Transportation Finance Bank (TFB) should be capitalized with federal or other funds at a much higher level, and not from revenues derived from the State Highway Account. Such funds limit the scope of financial assistance to state highway and transit projects. Expansion of this program to allow for other state and federal funding sources is needed so that goods movement projects on or off the state highway system can be eligible to receive loans for freight projects that provide public benefit.

Operating Efficiency

The State should actively work toward improving the operating efficiency of the State's transportation system and major gateways. This includes pursuing the implementation of ITS applications. It also includes working actively as a leader, negotiator, broker, and partner to bring about other efficiency improvements. This includes, the promotion and facilitation of expanded seaport operating hours, and shipper/receiver dock hours, to balance the truck traffic flow on congested access routes.

Jet Fuel Tax and Passenger Facility Charges for Air Cargo Access Improvements

Federal law should be changed to allow the use of federal jet fuel taxes for air cargo access projects beyond airport boundaries. A portion of the State sales tax on jet fuel could also be redirected to air cargo access projects. The State should also advocate for more flexibility in the use of PFCs and airport revenues to serve airport ground access needs, either through payment of debt service or directly as match for federal, state or regional grants.

Super-Regional Airport Authorities

Super-regional airport authorities, with the ability to plan for more efficient, effective and balanced use of existing and new airport capacity, should be developed or provided greater authority. Such authorities should coordinate closely with the Department's Division of Aeronautics, FAA, MPOs/RTPAs, and air carriers to achieve statewide aviation objectives including coordinating airport utilization, ground access, and airspace issues, to bring about a more integrated aviation system in California.

TEA-21 Reauthorization Freight Transportation Initiative Funding Program

California should pursue a much stronger emphasis on the funding of goods movement projects from the traditional federal transportation funding programs, with greater funding flexibility and overall dollars committed to goods movement projects. Separately, high-priority projects should also be submitted for potential inclusion as demonstration projects or program earmarks. These

actions should be accomplished by a coalition of public sector and private industry stakeholders, united to the common goal of enhancing California's economy and quality of life by improving California's goods movement transportation system.

State Planning and Funding Partnerships and Coalitions

The State should establish a statewide coalition of Davis Administration and State legislative representatives and regional, local and private stakeholders to develop recommended strategies to ensure full consideration of goods movement projects in the federal, state and regional transportation planning and programming processes. It is strongly recommended that the coalition be modeled after Washington State's Freight Mobility Strategic Investment Board (FMSIB). ***Consensus*** on a statewide program of improvements will be essential. With consensus achieved, the committee can then focus on the formation of ***strong coalitions*** to achieve its goals. The coalition should work closely with California's congressional delegation, the National Freight Partnership, and the U.S. Department of Transportation and its FHWA's Office of Freight Management and Operations.

The primary mission for California's freight coalition in the next two years should be to implement the recommendations listed above, with particular emphasis on positioning the State to compete effectively for goods movement funding in the TEA-21 reauthorization process from now through 2003. Through these efforts, California and the nation will reap the mobility improvements, economic gains, and quality of life benefits.

ATTACHMENT ONE

SENATE CONCURRENT RESOLUTION 96

Resolution Chapter 158

Senate Concurrent Resolution No. 96

RESOLUTION CHAPTER 158

Senate Concurrent Resolution No. 96—Relative to Intermodal freight access.

[Filed with Secretary of State September 20, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

SCR 96, Karnette. Intermodal freight access.

This measure would request the Department of Transportation, in cooperation with the Business, Transportation and Housing Agency, the Trade and Commerce Agency, the California Transportation Commission, and other appropriate parties, to prepare a proposal for a "Global Gateways Development Program" to enhance intermodal freight access. The measure would further encourage the department to consult and utilize information compiled by the California Transportation Commission, among other sources, in response to a specified resolution of the Senate, and would request a progress report and a final report to the Legislature.

WHEREAS, California's major seaports and airports serve as global gateways for the movement of goods between domestic and international locations and serve as crucial access points to major trade corridors throughout the state, nation, and world; and
WHEREAS, The continued economic viability and improvement of the state's global gateways and access are critical to California's most significant export industries, including, but not limited to, agriculture, apparel, electronics, entertainment, professional management services, technology, and tourism; and
WHEREAS, The value of international trade through California's global gateways in 1999 was an estimated \$331 billion, the volume of container traffic shipped through California's gateways exceeded 6,500,000 20-foot total equivalent units (TEUs) in 1999, and the international air freight tonnage passing through the state's global airport facilities was 928,624 tons at Los Angeles International Airport and 425,000 tons at San Francisco Airport alone; and
WHEREAS, The state's roads, freeways, and interstate railroad systems are critical for the effective movement of goods to air and seaports; and
WHEREAS, The development of these global gateway facilities and state transportation infrastructure has not kept pace with California's economic growth and there is a growing need to accommodate the continued growth and coordinate the movement

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Res. Ch. 158

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of goods and people at those entry points with the larger transportation infrastructure of the state; now, therefore, be it *Resolved by the Senate of the State of California, the Assembly thereof concurring*, That the Legislature hereby requests that the Department of Transportation, in cooperation with the Business, Transportation and Housing Agency, the Trade and Commerce Agency, the California Transportation Commission, lead transportation agencies, ports and airports, and other appropriate parties, prepare a proposal for a “Global Gateways Development Program.” The purpose and objective of the program shall be to improve major freight gateways in California to enhance overall mobility, including increased access at and through international ports of entry, international airports, seaports, other major intermodal transfer facilities and goods movement distribution centers, and trade corridors in California. Preparation of the Global Gateways Development Program shall, among other actions, identify high-priority airport and seaport access and intrastate transportation projects for purposes of potential state, federal, and other funding. The identified projects should serve to facilitate the movement of intrastate, interstate, and international trade beneficial to the state’s economy; and be it further

Resolved, That, in developing the Global Gateways Development Program, the Department of Transportation is encouraged to consult and utilize, among other sources, information compiled by the California Transportation Commission in response to Senate Resolution 8 of the 1999–2000 Regular Session. The department is requested to prepare and submit to the Legislature a report on the department’s progress in preparing the Global Gateways Development Program, on or before March 1, 2001, and to submit a final report on that program to the Legislature on or before July 1, 2001; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the Director of Transportation, the Secretary of Business, Transportation and Housing, the Secretary of Trade and Commerce, and the Chairperson of the California Transportation Commission.

ATTACHMENT 2

GGDP STAKEHOLDER SURVEY QUESTIONS

1. Improvement Actions

- What specifically should be done to improve the goods movement transportation system?
- For shippers, receivers, and carriers, what could or should the State do from a transportation aspect in the next five years to significantly improve your ability to operate efficiently and compete?
- What should we avoid doing?

2. Priorities

- Considering that transportation funds are relatively scarce, what should be given priority?
- Should project identification efforts be limited to just the State's major freight gateways (e.g., at the international border, and around the Ports of Los Angeles, Long Beach and Oakland), or should it more broadly address other freight-related highway and rail system deficiencies, and other airport and seaport access problems?

3. New Strategies

- In what ways might the State foster the operational improvement of the system, particularly through the application of new technologies?
- How can we foster improved intermodal connectivity?

4. Goods Movement Trends

- Just-in-time delivery requirements have, and e-commerce is significantly changing goods movement requirements. How might these or other trends on the horizon impact regional, interstate and international trade and freight transport?
- How best should the State take these trends into account in determining the best transportation system investments?

5. Funding

- Is a distinct separate goods movement funding program required at either the Federal or State level, or at both levels?
- How do we bring our partners, including regions and local agencies, shippers, receivers, freight carriers, seaports and airports, to be more involved in the planning and funding of goods movement transportation improvements?

ATTACHMENT 3**ACKNOWLEDGEMENTS**
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In order to have a better understanding of the needs of the goods movement community, the Department surveyed various shippers and receivers, regional transportation agencies, freight carriers, and other stakeholders, seeking their opinions on various freight related issues. We would like to thank the following businesses and organizations for their participation and invaluable input:

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ATTACHMENT 4

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